Public Accounts

of the province of

Prince Edward Island

Volume I - Financial Statements

For the Year Ended March 31st

2001

102-03010/

To His Honour
The Honourable J. Léonce Bernard
Lieutenant-Governor of the Province of
Prince Edward Island

May It Please Your Honour:

The undersigned has the honour to submit herewith the Public Accounts of the Province of Prince Edward Island for the fiscal year ended March 31, 2001.

Respectfully submitted,

Patricia J. Mella

Hon. Patricia J. Mella
Provincial Treasurer

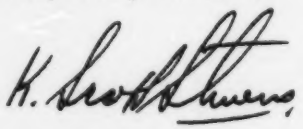
Office of the Provincial Treasurer
Charlottetown, Prince Edward Island

To the Honourable Patricia J. Mella
Provincial Treasurer

Madame:

I have the honour to submit herewith the Public Accounts of the Province of Prince Edward Island for the fiscal year ended March 31, 2001.

Respectfully submitted,



K. Scott Stevens, C.G.A.
Comptroller

Office of the Comptroller
Charlottetown, Prince Edward Island

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Introduction

The consolidated summary financial statements of the Province of Prince Edward Island are presented through the publication of the Public Accounts, Volume I. These statements consolidate the financial statements of the Province's Operating Fund with the financial statements of Agencies, Boards and Crown Corporations owned or controlled by the Province of Prince Edward Island.

The consolidated financial statements, and Operating Fund financial statements, are prepared on the accrual basis of accounting in accordance with recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Other significant accounting policies used by the Province are described in the Notes to Financial Statements. The statements are prepared by the Comptroller and are audited by the Auditor General, who presents an annual report to the Legislative Assembly on the results of his audit. Comparisons of consolidated revenues and expenditures are not made to the Province's Estimates as budget figures on a consolidated basis are not available.

The Public Accounts for the Year Ended March 31, 2001 consists of two volumes:

Volume I - Financial Statements presents the audited consolidated financial statements of the Provincial reporting entity as described in Note 1 to the financial statements as well as the audited financial statements of the Operating Fund.

Volume II - Details of Revenues and Expenditures and Financial Statements of Agencies and Crown Corporations presents the unaudited details of revenues and expenditures of the Operating Fund on a basis consistent with the Estimates of the Province as well as a reproduction of the audited financial statements of the Agencies, Boards and Crown Corporations owned or controlled by the Province. Volume II can be ordered through the Province's website.

The Public Accounts of the Province are tabled in the Legislative Assembly in accordance with Section 61 of the Financial Administration Account.

Internet Address - Volume I of the Public Accounts are available on the Province's Website at:

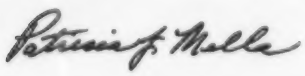
http://www.gov.pe.ca/publications

Government of the Province of Prince Edward Island

Statement of Responsibility

Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Government. These summary financial statements include a statement of cash flows, accounting policies and notes and schedules integral to the statements. Together, they present fairly, in all material respects the Government's financial condition at the fiscal year end and results of operations for the year then ended. More detailed information regarding the Government's financial position and operating results can be found in other sections of either Volume I or II.

On behalf of the Government



Hon. Patricia J. Mella
Provincial Treasurer

December, 2001

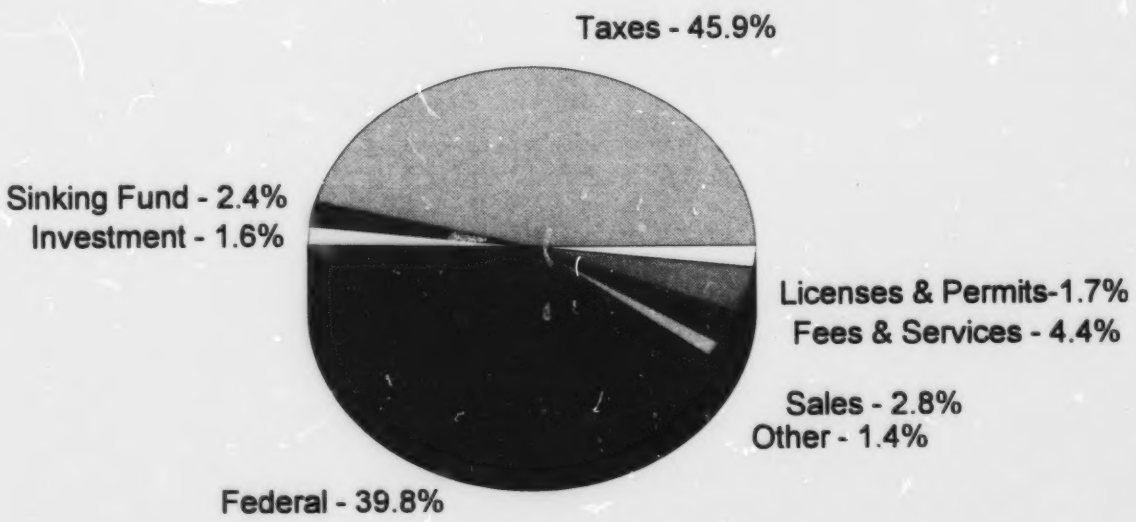
Province of
Prince Edward Island

Consolidated (Summary) Financial

Statements and Schedules

Total Revenue

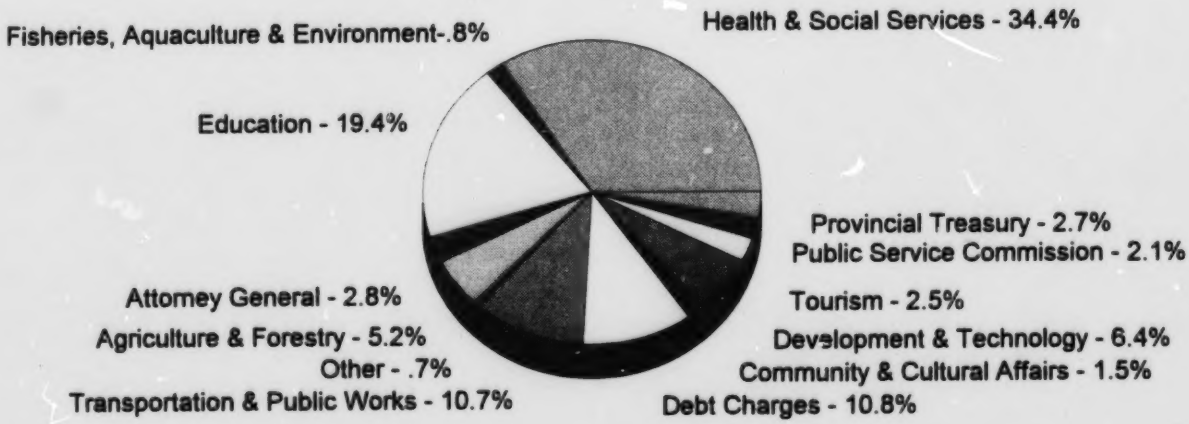
Consolidated (Summary) Financial Statements



Total revenue in 2000/01 for the Province was $962.4 million, $40.9 million more than in 1999/00. Increases were mainly in: Taxes ($8.8 million); Fees and Services ($7.9 million); and Government of Canada ($30.6 million).

Total Expenditure by Ministry

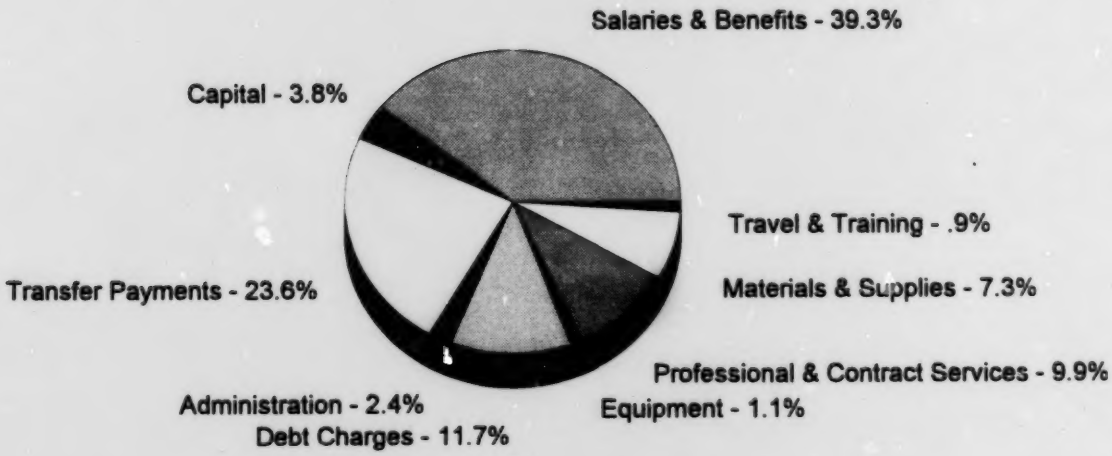
Consolidated (Summary) Financial Statements


Fisheries, Aquaculture & Environment-.8%
Health & Social Services - 34.4%
Education - 19.4%
Provincial Treasury - 2.7%
Public Service Commission - 2.1%
Attorney General - 2.8%
Tourism - 2.5%
Agriculture & Forestry - 5.2%
Development & Technology - 6.4%
Other - .7%
Community & Cultural Affairs - 1.5%
Transportation & Public Works - 10.7%
Debt Charges - 10.8%

Total expenditure in 2000/01 for the Province was $996.3 million, $93.4 million more than in 1999/00. Increases were mainly in: Agriculture and Forestry ($26 million); Health and Social Services ($23.7 million); Education ($15.4 million); and Development and Technology ($9.5 million). The increases in expenditure were offset by a decrease in Transportation and Public Works Capital Expenditures ($16.3 million).

Total Expenditure by Object

Consolidated (Summary) Financial Statements


Salaries & Benefits - 39.3%
Capital - 3.8%
Travel & Training - .9%
Transfer Payments - 23.6%
Materials & Supplies - 7.3%
Professional & Contract Services - 9.9%
Administration - 2.4%
Equipment - 1.1%
Debt Charges - 11.7%

Total expenditure in 2000/01 for the Province was $996.3 million, $93.4 million more than in 1999/00. Increases were mainly in: Transfer Payments ($47.4 million); Salaries and Employee Benefits ($26.2 million); and Professional and Contract Services ($10.2 million). The increases in expenditure were offset by a decrease in Capital Expenditures ($7.5 million).

AUDITOR'S REPORT

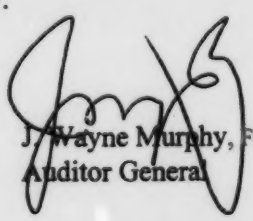
To the Members of the Legislative Assembly
Province of Prince Edward Island

I have audited the Consolidated (Summary) statement of financial position of the Province of Prince Edward Island as at March 31, 2001 and the statement of revenue and expenditure, changes in net debt and cash flows for the year then ended. These statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these Consolidated (Summary) financial statements present fairly, in all material respects, the financial position of the Province of Prince Edward Island as at March 31, 2001 and the results of its operations, the changes in net debt and the cash flows for the year then ended in accordance with the basis of accounting disclosed in the notes to the financial statements.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.



J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
October 24, 2001

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Financial Position
as at March 31, 2001

		2001 ($000)	2000 ($000)
	LIABILITIES		
Schedule			
1	Deferred Revenue/Credits	18,826	21,689
2	Accounts Payable	131,307	107,504
3	Accrued Liabilities	114,853	114,504
4	Short Term Loans	157,428	56,044
5	Obligation Under Capital Leases	27,387	27,612
6	Loans Payable	39,506	40,309
7	Pension Obligations	216,382	190,783
8	Debentures	989,959	994,963
	Total Liabilities	**1,695,648**	**1,553,408**
	ASSETS		
9	Cash and Short Term Deposits	4,633	7,983
10	Accounts and Taxes Receivable	104,454	88,329
11	Treasury Advances	1,045	783
12	Inventory and Property for Resale	6,038	8,626
13	Investments	9,292	10,011
14	Investment in Government Business Enterprises	13,569	14,455
8	Sinking Fund and Market Contingency Fund	301,410	287,379
15	Loans Receivable	160,038	114,243
16	Deferred Charges	50,390	11,747
	Total Assets	**650,869**	**543,556**
	NET DEBT	**1,044,779**	**1,009,852**

17 Trust Funds
18 Tangible Capital Assets
19 Guaranteed Debt

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Revenue and Expenditure
for the year ended March 31, 2001

Schedule		2001 ($000)	2000 ($000)
	REVENUE		
22	Taxes	441,737	432,924
23	Licenses and Permits	16,423	15,770
24	Fees and Services	42,167	34,264
25	Sales	27,127	32,044
26	Investment	15,229	13,332
27	Other	12,100	11,519
28	Government of Canada	383,713	353,110
29	Capital	1,087	5,282
	Sinking Fund Earnings	22,798	23,222
	Total Revenue	**962,381**	**921,467**
	EXPENDITURE		
30	Agriculture and Forestry	51,753	25,728
	Attorney General	27,775	25,715
	Auditor General	1,070	1,110
31	Community and Cultural Affairs	14,750	13,162
32	Development and Technology	63,539	54,045
33	Education	193,635	178,246
	Executive Council	2,244	2,127
34	Fisheries, Aquaculture and Environment	8,159	7,800
35	Health and Social Services	343,214	319,466
	Legislative Assembly	3,653	2,746
36	Provincial Treasury	26,563	23,838
37	Public Service Commission	20,745	14,540
38	Tourism	24,781	18,128
39	Transportation and Public Works	106,677	113,518
	Interest Charges on Debt	107,752	102,712
	Total Expenditure	**996,310**	**902,881**
	Surplus (Deficit) Before Special Adjustments	**(33,929)**	**18,586**
	Pension Adjustment	(112)	2,541
	Capital Lease (Note 6f)	-	(6,416)
	Reclassified Loan (Note 10)	-	(2,603)
14	Gain (Loss) on Government Business Enterprises (Note 7)	(886)	332
	SURPLUS (DEFICIT)	**(34,927)**	**12,440**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Changes in Net Debt
for the year ended March 31, 2001

	2001 ($000)	2000 ($000)
Net Debt, beginning of year	**1,009,852**	**993,775**
Add (Deduct):		
Consolidated (Surplus) Deficit	34,927	(12,440)
Employee Benefits Accrual Adjustment (Note 11)	-	28,517
Increase in Net Debt	34,927	16,077
Net Debt, end of year	**1,044,779**	**1,009,852**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Cash Flows for the year ended March 31, 2001

	2001 ($000)	2000 ($000)
Operating Activities		
Surplus (Deficit) for the year	(34,927)	12,440
Adjustments:		
Sinking Fund Earnings	(22,798)	(23,222)
Pension Adjustment	112	(2,541)
Employee Benefits Accrual Adjustment	-	(28,517)
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	(16,125)	4,993
Treasury Advances - (Increase) Decrease	(262)	271
Inventories - (Increase) Decrease	2,587	1,371
Deferred Charges - (Increase) Decrease	(2,441)	(5,332)
Deferred Revenue - Increase (Decrease)	4,469	7,388
Accounts Payable - Increase (Decrease)	23,802	(3,521)
Accrued Liabilities - Increase (Decrease)	352	30,757
Cash Provided by (Used for) Operating Activities	**(45,231)**	**(5,913)**
Investing Activities		
Changes in:		
Net Loans Receivable - (Increase) Decrease	(45,795)	(20,833)
Investments - (Increase) Decrease	719	1,666
Investments in Government Enterprises-(Increase) Decrease	886	(332)
Cash Provided by (Used for) Investing Activities	**(44,190)**	**(19,499)**
Financing Activities		
Proceeds From Debentures	-	80,000
Changes in:		
Treasury Notes - Increase (Decrease)	110,000	(55,000)
Long Term Loans Payable - Increase (Decrease)	(803)	(1,585)
Obligation Under Capital Leases - Increase (Decrease)	(226)	5,098
Payment of Provincial Deposit Receipts	(8,615)	(12,054)
Payment of Debentures	(3,020)	(2,798)
Payments to Sinking Fund	(11,265)	(10,125)
Cash Provided by (Used for) Financing Activities	**86,071**	**3,536**
Increase (Decrease) in Cash and Temporary Investments	(3,350)	(21,876)
Cash and Temporary Investments, beginning of year	7,983	29,859
Cash and Temporary Investments, end of year	**4,633**	**7,983**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund
Statement of Financial Position
as at March 31, 2001

	2001 ($000)	2000 ($000)
ASSETS		
Cash	5	8
Accrued Interest	4,170	3,890
Accounts Receivable	23,189	20,481
	27,364	24,379
Investments	274,049	263,004
Total Assets	**301,413**	**287,383**
LIABILITIES		
Accounts Payable	3	4
SINKING FUND RESERVE	246,938	235,921
MARKET CONTINGENCY FUND RESERVE	54,472	51,458
	301,410	287,379
Total Liabilities and Fund Reserves	**301,413**	**287,383**

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund
Statement of Financial Activities
for the year ended March 31, 2001

	2001 ($000)	2000 ($000)
Sinking Fund Earnings		
Interest	22,997	22,035
Gain on Sale of Debentures	184	1,466
	23,181	23,501
Expenses		
Bank Charges	28	25
Amortization of Debenture Discount	355	254
	383	279
Net Sinking Fund Earnings	**22,798**	**23,222**
Add:		
Instalments from Operating Fund	11,265	10,125
Debentures Issued During Year	9,136	7,332
Less:		
Payment to Pension Funds	18,048	18,048
Debentures Which Matured During the Year	11,120	8,329
Increase in Sinking Fund Reserves	**14,031**	**14,302**
Sinking Fund Reserves, Beginning of Year	**287,379**	**273,077**
Sinking Fund Reserves, End of Year	**301,410**	**287,379**

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund
Statement of Investments
as at March 31, 2001

	2001 ($000)	2000 ($000)
Book Value of Investments		
Debentures-Par Value	194,003	176,367
Add: Unamortized Premium	1,682	1,438
	195,685	177,805
Debentures-Residuals	77,914	84,749
Mortgage Receivable	450	450
Total Book Value of Investments	**274,049**	**263,004**
Market Value of Investments		
Market Value of-Debentures	303,116	288,198
-Mortgage Receivable	484	458
Total Market Value of Investments	**303,600**	**288,656**

PROVINCE OF PRINCE EDWARD ISLAND

Notes to the Consolidated Financial Statements
For the year ended March 31, 2001

1 **Reporting Entity**

The financial position of the Province is presented by a consolidated statement of financial position combining the statement of financial position of the Operating Fund and the balance sheets of such agencies, crown corporations, and boards as determined under section 61(2) of the Financial Administration Act.

The following agencies, crown corporations, and boards are included in the consolidated statement of financial position using the consolidation method of accounting. Under the consolidation method of accounting inter-organizational balances and transactions are eliminated. This method reports the organizations as if they were one organization.

East Prince Health Authority
Eastern Kings Health Authority
Queens Region Health Authority
Southern Kings Health Authority
West Prince Health Authority
Eastern School Board
French Language School Board
Western School Board
Innovative Solutions Agency (PEI) Inc.
Island Waste Management Corporation
P.E.I. Agricultural Research Investment Fund Inc.
P.E.I. Aquaculture and Fisheries Research Initiative Inc.
P.E.I. Business Development Inc
P.E.I. Crown Building Corporation
P.E.I. Energy Corporation
P.E.I. Housing Corporation
P.E.I. Human Rights Commission
P.E.I. Lending Agency
P.E.I. Museum and Heritage Foundation
P.E.I. Self-Insurance and Risk Management Fund
P.E.I. Special Projects Fund
Tourism P.E.I.

The Eastern, Western, and French Language School Boards have a fiscal year-end of June 30, 2000

The following agencies, crown corporations, and boards are included in the consolidated statement of financial position using the modified equity method of accounting. This method is used for government business enterprises which are defined in Note 7 to these financial statements. The modified equity method reports the percentage of a government business enterprise's net assets owned by the Province as an investment in the Province's Consolidated Statement of Financial Position. Inter-organizational balances and transactions are not eliminated.

Charlottetown Area Development Corporation
Island Investment Development Inc.
P.E.I. Agricultural Insurance Corporation
P.E.I. Grain Elevators Corporation
P.E.I. Liquor Control Commission
P.E.I. Lotteries Commission
P.E.I. Regulatory and Appeals Commission
Summerside Regional Development Corporation Ltd.

The P.E.I. Grain Elevators Corporation has a fiscal year end of July 31, 2000.

The Consolidated Statement of Financial Position does not include the financial position of the Workers' Compensation Board of Prince Edward Island. The Board, as at December 31, 2000, had assets of $67.4 million ($59.5 million in 1999) and liabilities of $98.5 million ($87.3 million in 1999). The Board has the ability to establish premium rates sufficient to meet its financial obligations.

2 **Basis of Accounting**

(a) The Province complies with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants with a few exceptions. The Province follows the expenditure basis of accounting for the preparation of its financial statements.

(b) The financial transactions recorded in the Accounts of the Province and reflected in the Public Accounts are classified as budgetary and non-budgetary.

In general terms budgetary transactions are those which enter into the calculation of the annual budgetary surplus or deficit and are disclosed in the Consolidated Statement of Revenue and Expenditure, both capital and ordinary revenues and expenditures are included. Non-budgetary transactions lead to the acquisition or disposal of financial assets, or to the creation or discharge of financial obligations, which are disclosed in the Consolidated Statement of Financial Position.

(c) **Liabilities**

Deferred revenue represents amounts received but not earned.

Payables, accruals and other liabilities are recorded for all amounts due for work performed, goods or services received and other charges incurred in the fiscal year.

Borrowings are recorded at face value.

Obligation under capital lease represents the liability recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease recognizes the lease contract as a financing tool to acquire an asset.

Pension obligations represent the Province's net pension liability as calculated using an accrued benefits actuarial method. The net pension liability represents accrued pension benefits less the market value of pension assets.

Debentures represent the gross funded debt of Province of PEI public debenture issues, private debenture issues and Canada Pension Plan debenture issues.

(d) **Assets**

Receivables are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Loans and advances are recorded at cost. A provision for loss is established for doubtful accounts.

Inventories are recorded at the lower of cost or net realizable value.

Investments are recorded at the lower of cost or net realizable value.

Investment in government business enterprises represents the net assets of government business enterprises recorded on the modified equity basis as described in Note 1 to these financial statements.

Sinking fund assets are recorded at cost. A portion of the sinking fund assets are externally restricted.

Deferred charges represent recorded expenditures which will be included in the Statement of Revenue and Expenditure in future years.

(e) Net Debt

The Province's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Province is determined by its liabilities less its listed assets.

(f) Revenues

Revenues are recorded on an accrual basis, however payments from Canada under the Federal - Provincial Fiscal Arrangements, the Canada Health and Social Transfer and the Tax Collection Agreement are based on estimates which will be adjusted against future years revenues when actual results become available.

(g) Expenditures

Expenditures are recorded on an accrual basis.

Capital expenditures are incurred in the acquisition, development or construction of capital assets and equipment. They do not include operational expenses. Capital expenditures are generally for highway construction and buildings. Capital expenditures are reported as expenditures in the year they are made.

Tangible capital assets are reported as expenditures in the year the assets are acquired, they are not included in the Province's Consolidated Statement of Financial Position. Schedule 18 (unaudited) is provided to inform readers of the book value of the tangible capital assets available for use by the Province.

Transfer payments are transfers of money to individuals, organizations or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

3 Province of Prince Edward Island Sinking Fund

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future commitments and for debt retirement. Those funds designated for debentures are considered to be externally restricted and as a result cannot be used for other purposes. Earnings on sinking funds are reflected as current account revenue. The Sinking Fund is made up of three components:

(a) Debentures

Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are treated as a non-budgetary item. The installment payments for the next five years are:

	($000)
2001-2002	11,131
2002-2003	10,511
2003-2004	10,488
2004-2005	9,243
2005-2006	9,243

(b) Canada Pension Plan Debentures

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice. No calls have occurred to date and none are expected. Beginning in March 1999 the Province began re-financing CPP debentures as they become due. There are no installment requirements for Canada Pension Plan debentures and there are no external restrictions on funds contributed to the Sinking Fund for the retirement of Canada Pension Plan debentures. In June 2001 the Province established the Debt Reduction Fund. Funds in the Sinking Fund designated for Canada Pension Plan debentures will be transferred to the Debt Reduction Fund.

(c) Market Contingency Fund

The Market Contingency Fund was established from over-funding of Provincial debenture issues and Canada Pension Plan loans. At March 31, 2001 the balance of this fund is $54.5 million. In June 2001 the Province established the Debt Reduction Fund. Funds in the Sinking Fund designated as Market Contingency Funds will be transferred to the Debt Reduction Fund.

As at March 31, 2001 Sinking Fund investments include P.E.I. Issues held but not cancelled in the amounts of:

	($000)		($000)
Debentures - Par Value	22,895	Book Value	24,844
Residuals - Par Value	97,390	Book Value	58,568

4 Claims Outstanding

At March 31, 2001 there are twenty outstanding claims arising from legal action in progress against the Crown in respect of breach of contract, damages to persons and property and like items. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain. An estimated amount for settlement of those claims not being paid through the Prince Edward Island Self-Insurance and Risk Management Fund is $.7 million.

Thirteen of the twenty claims outstanding will be paid through the Prince Edward Island Self-Insurance and Risk Management Fund. The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The fund insures against liability claims. At March 31, 2001, fund reserves were $7.9 million, ($7.7 million in 2000). Claims amounting to $.6 million ($.4 million in 2000), were settled in the current year. The estimated amount for claims outstanding at March 31, 2001 is $.5 million ($.5 million at March 31, 2000). The fund carries an excess liability policy limiting the liability of the fund to $5 million.

Included in the twenty claims outstanding are two class action suits seeking $3.5 billion (Hepatitis C) and $18.7 million (Canadian Red Cross).

5 Solid Waste Landfill Closure and Post-Closure Liability

Public Sector Accounting Board recommendations provide guidelines for disclosure of liability resulting from the operation of landfill sites. This liability applies to all operating and closed landfill sites of governments and their organizations. The liability includes the estimated cost of activities related to closing landfill sites and the estimated cost of monitoring the site once it is no longer accepting waste. The Province is in the process of determining its liability related to solid waste landfill sites for disclosure in future Public Accounts.

6 Commitments

(a) Central Mortgage and Housing Corporation

The Province is committed to pay half the cost of a loan from Central Mortgage and Housing Corporation, for the development of the Charlottetown Area Pollution Control and Summerside Sewage Disposal systems. The outstanding loan balance as at March 31, 2001 was $453 thousand. An amount of $137 thousand is included in the 2001-2002 budget of the Department of Community and Cultural Affairs, to meet the Province's principal and interest share for the fiscal year.

(b) K.C. Irving Chemistry Building

The Province is committed to make payments over a ten year period totaling $1 million plus interest on the outstanding balance. The outstanding balance as at March 31, 2001 was $600 thousand. An amount of $150 thousand is included in the 2001-2002 budget of the Department of Education to meet the Province's principal and interest share for the fiscal year.

(c) Prince Edward Island Agricultural Research Investment Fund Inc

The corporation has approved 16 research projects providing for future commitments of $769 thousand. The commitments expire March 31, 2004.

(d) P.E.I. Lending Agency

The corporation has approved, but not disbursed, loans at March 31, 2001 amounting to $12.9 million.

(e) Credit Union Deposit Insurance Corporation

The Credit Unions Act states that the Province shall ensure that the obligations of The Credit Union Deposit Insurance Corporation are carried out. The Credit Union Deposit Insurance Corporation provides deposit insurance coverage on deposits held by PEI credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the ten credit unions. At December 31, 2000 the CUDIC had an equity balance of $3 million. At September 30, 2000 credit unions in Prince Edward Island held insurable deposits totalling $330 million. The probability that the Province would be called upon to provide financial support to the CUDIC is unlikely due to the fact that, at September 30, 2000, the ten credit unions in PEI had total assets of $419 million and $402.5 million in members' deposits and liabilities leaving $16.5 million in members' equity.

(f) Leases

The Province is party to a significant number of lease agreements. The following list contains those leases where the annual lease payments exceed one hundred thousand dollars.

Asset Description	Annual Lease Cost ($000)	Lease Expiration
Sir Henry Davies Law Courts *	791 **	March 21, 2128
Health and Social Services Office Space	301	March 31, 2012
Queens Regional Health Authority Office	405	May 14, 2012
Charlottetown Highway Safety Division Office	147	June 30, 2007
Kelly Building (Provincial Court House) *	355	October 31, 2024
Access PEI Summerside Office	583	January 31, 2018
Eastern Kings Regional Services Centre	197	December 31, 2010
Morell Library	163	March 31, 2003
Blanchard Building	212	August 31, 2003
Concorde Building	158	June 30, 2009
Cambridge Building	163	Month to Month
Research Station	293	Being Negotiated
Hillsborough Bridge *	1,359	August 21, 2001
DocuTech 135 High Speed Copier	129	April 26, 2006
Unisys Mainframe Computer	663	March 31, 2003
Law Court Case Management System	730	March 31, 2002
Brudenell Golf Course (Tourism PEI)	102	August 31, 2004

* Capital Leases

Costs associated with replacement of the Hillsborough Bridge ($21.7 million) and renovations to the Davies and Kelly Law Court Buildings ($6.4 million) have been recorded as capital leases. These capital lease obligations are recorded as liabilities in the Statement of Financial Position.

Island Waste Management Corporation has recorded a capital lease at March 31, 2001 for lease of containers and transponder tags for containers.

** Sir Henry Davies Law Court Lease

For the period November 1, 2019 to March 21, 2128 the annual base rent is $1.

(g) Guaranteed Debt

The Province has guaranteed the repayment of lines of credit, debentures, share issues and student loans. Guarantees amounting to $35.9 million are reported on Schedule 19.

(h) Pension Obligations

Acts to amend the Civil Service Superannuation Fund and the Teachers' Superannuation Fund reflect that the Province shall pay $63.4 million and $129.4 million into the Funds respectively, from 1996 to 2005.

Additional payments will be made for interest revenue lost as a result of deferral of the 1997-98 installment to March 31, 1999. Interest in the amount of $3.7 million will be paid in seven annual installments commencing on April 1, 1998

7 Government Business Enterprises

Government business enterprises are defined as those agencies, crown corporations and boards which, (i) have the power to contract in their own name, (ii) have the financial and operating authority to carry on a business, (iii) sell goods and services to customers outside the provincial reporting entity as their principal activity and source of revenue, and (iv) are able to maintain their operations and meet their liabilities from revenues received from sources outside the provincial reporting entity.

Schedule 14 presents condensed financial information of those Government Business Enterprises which are included in the provincial reporting entity as described in Note 1 to these financial statements.

8 Pension Funds

The Province sponsors contributory defined benefit pension plans for substantially all of its employees and for members of its legislature. There are four plans - the Civil Service Superannuation Fund, the PEI Teachers' Superannuation Fund, the PEI MLA Pension Fund (Old Plan) and the PEI Pension Plan for Members of the Legislative Assembly (New Plan). The plans provide pensions based on length of service and final average earnings. At present, the plans provide benefits for 2,423 retirees; benefit payments were $37.9 million in 2001 ($35.5 million in 2000).

(a) Civil Service Superannuation Fund

Employees of the Province and certain of its' entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund which is not part of the Consolidated Fund of the Province. The Plan is funded by employee contributions equal to 6.95 percent of their salary (8.75 percent when not contributing to CPP) with the Province matching those contributions. In 2001, total employee contributions for current year's service were $8.1 million ($7.3 million in 2000). Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due. The plan provides for inflation protection to a maximum of 6 percent.

Actuarial Valuations of the Civil Service Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1999. An estimated update, which is a partial calculation based on an extrapolation of the April 1, 1999 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (16 years).

	Actuarial Valuation 01-Apr-99	Estimate 31-Mar-01
	($000)	($000)
Actuarial Liability	367,574	456,110
Fund Assets	328,023	391,829
Unfunded Liability	39,551	64,281

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine the accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

An amendment to the Civil Service Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of $11.6 million in 1995/96 and $5.8 million in the years 1996/97 to 2004/05.

(b) Teachers' Superannuation Fund

The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund which is not part of the Consolidated Fund of the Province. The Plan is funded by employee contributions equal to 7.2 percent of their salary (9 percent when not contributing to CPP) with the Province matching those contributions. In 2001, total employee contributions for current year's service were $5.5 million ($5.2 million in 2000). Investments of the Fund are adminsistered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Teachers' Superannuation Fund is insufficient to provide for pension payments as they become due. The plan provides for inflation protection to a maximum of 4 percent.

Actuarial Valuations of the Teacher's Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at July 1, 1999. An estimated update, which is a partial calculation based on an extrapolation of the July 1, 1999 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial gain to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (14 years).

	Actuarial Valuation 01-Jul-99	Estimate 31-Mar-01
	($000)	($000)
Actuarial Liability	392,767	426,161
Fund Assets	245,891	266,981
Unfunded Liability	146,876	159,180

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine the accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

An amendment to the Teachers' Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of $23.6 million in 1995/96 and $11.8 million in the years 1996/97 to 2004/05.

(c) MLA Pension Fund (Old Plan)

The Legislative Assembly Retirement Allowances Act and Legislature and Executive Pensions Act provided a pension plan for members of the Legislative Assembly. The plan is operated within the MLA Pension Fund which is not part of the Consolidated Fund of the Province. Amendments in 1994 resulted in this plan being replaced by a new pension plan. Participants of the Old Plan will be entitled to benefits accruing under the terms of the plan up to and including June 30,1994. As a result, contributions to this fund ceased on June 30,1994; however,

investment interest and payments to existing pensioners will continue to be recorded to this fund. As well, the province provided $5 million in funding to eliminate the unfunded liability at June 30,1994. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The plan provides for inflation protection to a maximum of 8 percent.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 2000. An estimated update, which is a partial calculation based on the extrapolation of the April 1, 2000 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial gain to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (15 years).

	Actuarial Valuation 01-Apr-00	Estimate 31-Mar-01
	($000)	($000)
Actuarial Liability	13,088	12,989
Fund Assets	20,715	20,263
Unfunded Liability (Surplus)	(7,627)	(7,274)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine the accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

(d) **Pension Plan for Members of the Legislative Assembly (New Plan)**

An Amendment to the Legislative Assembly Act in 1994 provided for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Opposition House Leader, Government Whip and Opposition Whip. As a result of this amendment, a pension plan called the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" was established by the Commission with an effective start date of July 1, 1994. The plan is operated within the Pension Plan for Members of the Legislative Assembly (1994) which is not part of the Consolidated Fund of the Province. The plan is funded by contributions from the members of the Legislative Assembly equal to 8 percent of their salary with the Province matching those contributions. In 2001, total contributions for current year's service were $112.6 thousand ($110.9 thousand in 2000). Investments of the fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The plan provides for inflation protection to a maximum of 8 percent.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 2000. An estimated update, which is a partial calculation based on the extrapolation of the April 1, 2000 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (15 years).

	Actuarial Valuation 01-Apr-00	Estimate 31-Mar-01
	($000)	($000)
Actuarial Liability	1,206	1,518
Fund Assets	1,181	1,323
Unfunded Liability (Surplus)	25	195

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates,

interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine the accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

9 **Canada Health and Social Transfer**

The Province is receiving, from the Government of Canada, supplementary funding under the Canada Health and Social Transfer. The Federal Government has set up a trust fund to administer this program. The Province is recording revenue from this program per the following schedule:

	First Allocation	Second Allocation	Equipment Allocation	Totals
1999 - 2000	$9.0 million	-	-	$ 9.0 million
2000 - 2001	4.5 million	4.5 million	2.3 million	11.3 million
2001 - 2002	2.2 million	2.2 million	2.2 million	6.6 million
2002 - 2003	-	2.2 million	-	2.2 million
2003 - 2004	-	2.2 million	-	2.2 million
Totals	$15.7 million	$11.1 million	$4.5 million	$31.3 million

10 **Reclassified Loan**

In the fiscal year ended March 31, 2000 the Province entered into an agreement with Innovative Solutions Agency (PEI) Inc. for development of a human resources program. A loan was provided to Innovative Solutions for the purchase of software and development of the HR program, the intent being that the Province would pay for the program through annual payments to Innovative Solutions. In accordance with guidelines set by the Public Sector Accounting Board this loan has been reclassified and the expenditure to Innovative Solutions, for the HR program, has been recognized as an expenditure in the fiscal year ended March 31, 2000.

11 **Employee Benefits Accrual Adjustment**

In the fiscal year ended March 31, 2000 the Province made a special adjustment increasing its accrued liability for employee benefits by $28.5 million. This adjustment is made up of two components; one being the addition of certain benefits payable to Health and Education sector employees not previously recognized by the Province. The second component of the adjustment is a change in the method of calculating the Province's liability for employee benefits.

12 **Subsequent Events**

(a) **Debt Reduction Fund**

In June 2001 the Province established the Debt Reduction Fund for the purpose of retiring public debt. Funds in the Sinking Fund designated for Canada Pension Plan debentures, as well as those funds designated as Market Contingency Funds will be transferred to the Debt Reduction Fund.

(b) **Guaranteed Debt**

On July 24, 2001 the Province approved a loan guarantee for Atlantic Technology Centre in the amount of $12.1 million.

On September 18, 2001 the Province approved a loan guarantee for Island Waste Management Inc. in the amount of $30 million.

13 **Measurement Uncertainty**

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted annually to reflect new information as it becomes available. Examples of where measurement uncertainty exists in these financial statements are the calculation of future pension obligations and the provision for losses on loans and accounts receivable.

14 **Comparative Figures**

Certain 2000 financial statement figures have been restated to conform with the presentation used in 2001.

PROVINCE OF PRINCE EDWARD ISLAND

Schedules to Consolidated Statement of Financial Position as at March 31, 2001

	2001 ($000)	2000 ($000)
1 Deferred Revenue/Credits		
General	14,130	9,576
Pension Accrual	-	7,331
Motor Vehicle	4,696	4,782
	18,826	**21,689**
2 Accounts Payable		
Goods and Services	45,559	31,858
Federal	8,750	11,032
Consolidated Agencies and Crown Corporations	43,412	32,388
Due to Sinking Fund	23,170	20,465
Other	10,416	11,761
	131,307	**107,504**
3 Accrued Liabilities		
Wages and Benefits	89,557	86,202
Interest	24,688	24,999
Other	608	3,303
	114,853	**114,504**
4 Short Term Loans		
Treasury Notes	110,000	-
Provincial Deposit Receipts - Principal	36,906	44,722
Provincial Deposit Receipts - Accumulated Interest	10,522	11,322
	157,428	**56,044**
5 Obligation Under Capital Leases		
Hillsborough Bridge	21,735	21,735
Law Court Buildings	5,550	5,719
Consolidated Agencies & Crown Corporations	102	158
	27,387	**27,612**
6 Loans Payable		
School Construction Program	1,528	1,949
Land Development Corporation	1,333	1,500
Consolidated Agencies & Crown Corporations	36,439	36,557
Other	206	303
	39,506	**40,309**
7 Pension Obligations		
Civil Service Superannuation Fund	64,281	50,426
Teachers' Superannuation Fund	159,180	146,071
MLA Pension Fund (Old Plan)	(7,274)	(5,891)
Pension Plan for Members of the Legislative Assembly (New Plan)	195	177
	216,382	**190,783**

8 Debentures less Sinking Fund

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Funded Debt ($000)	Sinking Fund ($000)	Net Funded Debt ($000)
Public and Private Issues:						
15-Dec-81	15-Dec-01	16.250%	20	13,488	7,527	5,961
30-Apr-92	30-Apr-02	9.750%	10	45,943	7,722	38,221
04-Jul-77	04-Jul-02	9.500%	25	2,991	4,334	(1,343)
01-Dec-78	01-Dec-03	10.250%	25	2,367	1,939	428
18-Apr-79	18-Apr-04	10.625%	25	4,526	3,543	983
15-Jun-94	15-Jun-04	9.375%	10	59,058	8,106	50,952
12-Dec-84	12-Dec-04	12.750%	20	31,352	11,839	19,513
15-Dec-95	15-Dec-04	7.769%	20	13,614	-	13,614
03-Apr-86	03-Apr-06	10.625%	20	33,298	10,678	22,620
15-Jan-87	15-Jan-07	9.875%	20	30,186	8,674	21,512
03-Oct-97	03-Oct-07	6.000%	10	35,000	2,368	32,632
22-Jun-88	22-Jun-08	11.375%	20	47,980	14,343	33,637
01-Dec-88	01-Dec-08	10.750%	20	44,687	12,515	32,172
16-Aug-90	16-Aug-10	11.500%	20	60,000	13,143	46,857
14-Mar-91	14-Mar-11	11.000%	20	50,000	9,875	40,125
19-Sep-91	19-Sep-11	11.000%	20	50,000	9,223	40,777
17-Dec-92	17-Dec-12	9.750%	20	50,000	7,440	42,560
18-Mar-93	18-Mar-13	9.250%	20	60,000	10,148	49,852
27-Oct-95	27-Oct-15	8.500%	20	75,000	7,448	67,552
15-Dec-93	15-Dec-23	8.500%	30	60,000	8,921	51,079
21-Feb-00	21-Feb-30	6.800%	30	80,000	1,210	78,790
				849,490	160,996	688,494
Canada Pension Plan Issues						
1981-82	2001-2002	15.560%	20	11,504	11,504	-
1982-83	2002-2003	14.240%	20	11,360	11,360	-
1983-84	2003-2004	11.670%	20	11,135	11,135	-
1984-85	2004-2005	13.210%	20	10,500	10,500	-
1985-86	2005-2006	11.230%	20	8,975	7,679	1,296
1986-87	2006-2007	9.560%	20	13,526	9,922	3,604
1987-88	2007-2008	9.950%	20	10,010	6,372	3,638
1988-89	2008-2009	10.090%	20	9,703	5,186	4,517
1989-90	2009-2010	9.660%	20	10,544	4,571	5,973
1990-91	2010-2011	10.770%	20	9,603	3,442	6,161
1991-92	2011-2012	9.930%	20	9,794	2,793	7,001
1992-93	2012-2013	9.340%	20	6,971	1,478	5,493
1998-99	2018-2019	5.930%	20	376	-	376
1999-00	2019-2020	6.450%	20	7,332	-	7,332
2000-01	2020-2021	6.640%	20	9,136	-	9,136
				140,469	85,942	54,527
Total Debentures less Sinking Fund				**989,959**	246,938	743,021
Market Contingency Fund (Note 3c)					54,472	
Total Sinking Fund and Market Contingency Fund					**301,410**	

The debentures listed on this schedule have been issued in Canadian dollars.

	2001 ($000)	2000 ($000)
9 Cash and Short Term Deposits		
Operating Fund	(4,772)	(1,889)
Consolidated Agencies & Crown Corporations	9,405	9,872
	4,633	**7,983**
10 Accounts and Taxes Receivable		
Taxes	48,412	47,468
Government of Canada	29,836	20,378
Consolidated Agencies & Crown Corporations	15,160	13,815
Other	14,375	10,178
	107,783	91,839
Provision for Doubtful Accounts (Schedule 20)	(3,329)	(3,510)
	104,454	**88,329**
11 Treasury Advances		
Employee Computer Purchases	491	227
Cash Floats	17	14
Nova Scotia Health Advance	535	535
Other	2	7
	1,045	**783**
12 Inventory and Property for Resale		
Leased Property (Net of Provision for Losses)	2,678	5,447
Property Holdings (Net of Provision for Losses)	1,603	2,587
Other	1,757	592
	6,038	**8,626**
13 Investments		
Industrial Malls (Net of Provision for Losses)	9,084	8,269
Investments held by Agencies	208	1,742
	9,292	**10,011**

14 Investment in Government Business Enterprises

	Ch'town Area Dev. Corp. ($000)	Island Invest. Dev. Inc ($000)	P.E.I. Agric. Insurance Corp. ($000)	P.E.I. Grain Elevators Corp. ($000)	P.E.I. Liquor Control Comm. ($000)	P.E.I. Lotteries Comm. ($000)	P.E.I. Reg. & Appeals Comm. ($000)	S'side Regional Dev. Corp. ($000)	Total 2001 ($000)	Total 2000 ($000)
Assets	34,088	76,483	9,343	1,187	6,925	280	1,157	13,735	143,198	159,166
Liabilities	29,398	76,551	2,343	844	6,925	280	853	11,064	128,258	143,114
Equity	4,690	(68)	7,000	343	-	-	304	2,671	14,940	16,052
	34,088	76,483	9,343	1,187	6,925	280	1,157	13,735	143,198	159,166
Percentage of Ownership	85%	100%	100%	100%	100%	100%	100%	75%		
Province of PEI's Equity	3,987	(68)	7,000	343	-	-	304	2,003	**13,569**	**14,455**
Revenue	3,279	3,591	9,677	4,129	42,833	15,118	1,805	2,191	82,623	81,967
Expenditures	4,077	3,399	9,757	4,129	32,798	944	1,796	2,618	59,518	58,437
Net Income (Loss)	(798)	192	(80)	-	10,035	14,174	9	(427)	23,105	23,530
Province's Increase in Equity	(678)	192	(80)	-	-	-	-	(320)	**(886)**	**332**

Net income from the P.E.I. Liquor Control Commission and the P.E.I. Lotteries Commission is included in the Province's Operating Fund revenues (Schedule 25 - Sales).
Net income from the PEI Regulatory and Appeals Commission is included in the Province's Operating Fund revenues (Schedule 26 - Investment).

Complete financial statements of government business enterprises are provided in Volume II of the Public Accounts of the Province of Prince Edward Island.

	2001 ($000)	2000 ($000)
15 Loans Receivable		
Debentures - Long Term		
P.E.I. Liquor Control Commission	3,443	3,380
Charlottetown Area Pollution Control	102	159
Community Development	27	66
Stratford Pollution Control Commission	123	154
Charlottetown Area Development Corporation	7,781	7,618
Summerside Regional Development Corporation	110	130
City of Summerside	38	61
School Board Computer Loans	323	-
Town of Montague	-	12
P.E.I. Grain Elevators Corporation	16	31
	11,963	11,611
Debentures - Short Term		
Island Regulatory and Appeals Commission	-	125
Total - Debentures	11,963	11,736
Mortgages and Loans to Third Parties		
P.E.I. Housing Corporation	11,180	11,182
P.E.I. Business Development Inc	13,701	4,936
P.E.I. Lending Agency	132,999	92,145
Provision for Doubtful Accounts (Schedule 20)	(9,805)	(5,756)
Net Mortgages and Loans to Third Parties	148,075	102,507
	160,038	**114,243**
16 Deferred Charges		
Debenture Discount	5,398	5,963
Deferred Pension Charges	36,202	-
Prepaid Expenses	8,790	5,784
	50,390	**11,747**
17 Trust Fund Reserves		
Operating Fund	699,106	645,569
East Prince Health Authority	30	30
Eastern Kings Health Authority	67	219
Queens Region Health Authority	324	90
Southern Kings Health Authority	12	10
West Prince Health Authority	13	12
Eastern School Board	53	55
Western School Board	115	116
P.E.I. Business Development Inc.	10,828	16,336
P.E.I. Housing Corporation	11	14
P.E.I. Museum and Heritage Foundation	563	359
	711,122	**662,810**

18 Tangible Capital Assets
(unaudited)

	Land and Improvements ($000)	Buildings and Improvements ($000)	Leasehold Improvements ($000)	Roads and Bridges ($000)	Motor Vehicles ($000)	Equipment ($000)	Other ($000)	Total ($000)
Balance, beginning of year	8,007	374,906	6,418	752,988	49,305	88,607	33,940	1,314,171
Additions	324	17,013	-	24,931	2,753	5,357	12,378	62,756
Disposals and adjustments	271	6,457	-	-	925	2,245	-	9,898
Balance, end of year	8,060	385,462	6,418	777,919	51,133	91,719	46,318	1,367,029
Accum. Amortization, beginning of year	927	118,594	174	455,288	42,592	53,904	15,604	687,083
Add: Amortization 2000 - 2001	327	7,981	174	27,079	1,598	3,014	3,630	43,803
Less: Disposals and adjustments	-	11,602	-	-	4,526	1,979	-	18,107
Accumulated Amortization, end of year	1,254	114,973	348	482,367	39,664	54,939	19,234	712,779
Net Book Value	**6,806**	**270,489**	**6,070**	**295,552**	**11,469**	**36,780**	**27,084**	**654,250**

This schedule includes the tangible capital assets of the Province's Operating Fund and the tangible capital assets of consolidated agencies.

Operating Fund tangible capital assets do not include land as the Province is gathering historical cost information on land for inclusion in future Public Accounts.

19 Guaranteed Debt

		Principal Guaranteed ($000)	Outstanding 31-Mar-01 ($000)	Outstanding 31-Mar-00 ($000)
1	Lines of Credit and Term Loans	5,670	4,431	3,452
2	Debenture/Share Issues	11,845	10,390	11,202
3	Consolidated Agencies and Crown Corporations	21,135	21,135	12,756
	Total Guaranteed Debt	**38,650**	**35,956**	**27,410**

	Maturity Date	Interest Rate	Principal Guaranteed ($000)	Outstanding 31-Mar-01 ($000)	Outstanding 31-Mar-00 ($000)
1 Lines of Credit					
P.E.I. Grain Elevators Corp.	15-Jan-02	Prime	2,500	1,431	452
Summerside Reg. Dev. Corp.	28-Feb-02	Prime	3,000	3,000	3,000
			5,500	4,431	3,452
Term Loans					
Crossroads Rural Fire Co.	26-May-01	Prime-1/4	170	-	-
			5,670	4,431	3,452
2 Debenture / Share Issues					
Ch'town Area Dev. Corp.	15-May-13	5.781%	11,800	10,385	11,194
Town of Souris	01-Feb-03	5.375%	20	2	3
Village of Tignish	01-Jan-03	5.125%	16	2	3
Village of Crapaud	01-Dec-03	5.375%	9	1	2
			11,845	10,390	11,202

Both principal and interest are guaranteed for loan guarantees and debenture share issues.
Guarantee balance at March 31 includes both principal and interest.
During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

3 Consolidated Agencies and Crown Corporations			
P.E.I. Business Development Inc	20,889	20,889	12,431
P.E.I. Lending Agency	246	246	325
	21,135	21,135	12,756

Student Loans

The Province pays a risk premium, in lieu of providing loan guarantees, to banks who provide student loans. As an exception a loan guarantee is provided to lendors by the Province for loans which meet defined conditions. Due to the nature of the student loan program the total amount of outstanding loans guaranteed by the Province per the defined conditions is uncertain. For those loans undertaken by the Province per the loan guarantee, since implementation of the current student loan program in 1994, $361 thousand remains unpaid at March 31, 2001.

20 Continuity of Provision for Doubtful Accounts

	Provision 31-Mar-00 ($000)	Written Off During Year 2000-2001 ($000)	Increase (Decrease) Provided 2000-2001 ($000)	Provision 31-Mar-01 ($000)
Accounts and Taxes Receivable:				
Operating Fund - Provincial Taxes	1,966	1,117	850	1,699
East Prince Health	1,287		(25)	1,262
West Prince Health	207	-	(31)	176
P.E.I. Business Development Inc	50	-	142	192
	3,510	1,117	936	3,329
Inventory and Property Holdings:				
P.E.I. Business Development Inc	599	-	210	809
P.E.I. Lending Agency	329	12	42	359
	928	12	252	1,168
Investments:				
P.E.I. Business Development Inc	2,713	-	(340)	2,373
Loans Receivable:				
P.E.I. Business Development Inc	133	-	3,078	3,211
P.E.I. Lending Agency	5,623	712	1,683	6,594
	5,756	712	4,761	9,805
Other - Loan Guarantees:				
P.E.I. Business Development Inc	-	-	3,762	3,762
P.E.I. Lending Agency	50	-	-	50
	50	-	3,762	3,812
Total	**12,957**	**1,841**	**9,371**	**20,487**

Inventory and property holdings and investments are presented in the Consolidated Statement of Financial Position net of provision for possible losses.

PEI Busines Development Inc and PEI Lending Agency are contingently liable under loan guarantees (see Schedule 19). The amounts under Other - Loan Guarantees on this schedule are included in accounts payable in the Consolidated Statement of Financial Position.

21 Schedule of Debentures Issued and Matured

ISSUED

	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Price Received
Sinking Fund					
Canada Pension Plan	01-Apr-00	6.70%	01-Apr-20	1,083	100.00
	01-May-00	6.79%	01-May-20	1,241	100.00
	02-Jun-00	6.90%	02-Jun-20	1,422	100.00
	02-Jul-00	6.76%	02-Jul-20	900	100.00
	01-Aug-00	6.62%	01-Aug-20	698	100.00
	02-Sep-00	6.62%	02-Sep-20	706	100.00
	01-Oct-00	6.60%	01-Oct-20	619	100.00
	03-Nov-00	6.68%	03-Nov-20	730	100.00
	01-Dec-00	6.51%	01-Dec-20	341	100.00
	05-Jan-01	6.37%	05-Jan-21	171	100.00
	01-Feb-01	6.57%	01-Feb-21	-	
	02-Mar-01	6.41%	02-Mar-21	1,225	100.00
Total Debentures Issued				**9,136**	

MATURED/CALLED

	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Amount Matured ($000)
Operating Fund					
Provincial Debenture	15-Dec-95	7.769%	Quarterly	25,000	**3,020**
Sinking Fund					
Canada Pension Plan	01-Apr-80	13.39%	01-Apr-00	1,083	1,083
	01-May-80	13.46%	01-May-00	1,241	1,241
	02-Jun-80	12.01%	02-Jun-00	1,422	1,422
	02-Jul-80	11.82%	02-Jul-00	900	900
	01-Aug-80	11.61%	01-Aug-00	698	698
	02-Sep-80	12.55%	02-Sep-00	706	706
	01-Oct-80	12.50%	01-Oct-00	619	619
	03-Nov-80	13.09%	03-Nov-00	730	730
	01-Dec-80	13.30%	01-Dec-00	341	341
	05-Jan-81	13.18%	05-Jan-01	171	171
	01-Feb-81	0.00%	01-Feb-01	-	-
	02-Mar-81	13.13%	02-Mar-01	1,225	1,225
					9,136
Provincial Debenture	16-Feb-76	10.750%	16-Feb-01	1,984	1,984
Total Debentures Which Matured					**11,120**

PROVINCE OF PRINCE EDWARD ISLAND

Schedules to Consolidated Statement of Revenue and Expenditure
for the year ended March 31, 2001

		2001 ($000)	2000 ($000)
	Revenue		
22	**Taxes**		
	Personal Income Tax	141,425	161,259
	Sales Tax	153,021	145,011
	Real Property Tax	45,237	43,128
	Gasoline Tax	32,942	33,444
	Corporate Income Tax	36,485	18,176
	Health Tax on Tobacco	14,297	14,233
	Health Tax on Liquor	10,408	9,998
	Insurance Premium Tax	5,944	5,451
	Corporation Capital Tax	1,464	1,714
	Other	514	510
		441,737	432,924
23	**Licenses and Permits**		
	Motor Vehicle Registry	11,112	11,067
	Registration & Licensing Act	675	636
	Securities Act	1,451	1,206
	Security Brokers and Salesmen Licenses	1,048	777
	Other	2,137	2,084
		16,423	15,770
24	**Fees and Services**		
	Patient Fees	9,553	8,902
	Housing Rental	4,407	4,397
	Waste Reduction Program	-	2,393
	Land Title and Registry Fees	1,614	1,736
	Fines and Penalties	591	626
	R.C.M.P. Recoveries	703	710
	Campground Fees	637	-
	Third Party Insurance	1,558	876
	Probate Court Fees	1,034	1,001
	Consolidated Agencies and Crown Corporations	15,497	8,153
	Other	6,573	5,470
		42,167	34,264
25	**Sales**		
	Lottery Revenue	14,174	12,501
	Liquor Control Commission	10,035	10,383
	Consolidated Agencies and Crown Corporations	363	7,145
	Other	2,555	2,015
		27,127	32,044

	2001 ($000)	2000 ($000)
26 Investment Interest		
Operating Fund	3,735	4,671
PEI Lending Authority	9,152	7,369
PEI Special Projects Fund	1,872	1,030
Other Consolidated Agencies	470	262
	15,229	**13,332**
27 Other Income		
East Prince Health Authority	818	755
Eastern Kings Health Authority	331	417
Queens Region Health Authority	2,946	2,614
Southern Kings Health Authority	183	382
West Prince Health Authority	332	503
Innovative Solutions Agency (PEI) Inc.	39	1,844
PEI Business Development Inc	4,771	4,041
PEI Lending Agency	530	557
PEI Museum and Heritage Foundation	242	177
Tourism PEI	1,707	199
Other Consolidated Agencies	201	30
	12,100	**11,519**
28 Government of Canada		
Equalization	270,328	256,069
Canada Health and Social Transfer	76,707	71,298
Economic Regional Dev. Agreement	4,320	6,874
Housing Programs	2,149	1,824
Young Offenders Services	2,183	1,886
Canada Employment	-	74
Minority & Second Language	2,090	1,456
French Service Agreement	1,801	1,484
Infrastructure Program	-	2,639
Statutory Subsidy	674	675
Rehabilitation Programs	743	512
Atlantic Freight Transistion Program	106	527
Community Access Program (Technology PEI)	104	697
Labour Market Development Agreement	4,206	2,988
Agriculture and Agri-Food Canada	13,398	-
Other	4,904	4,107
	383,713	**353,110**
29 Capital Revenue		
Federal Sources	-	2,538
Land Sales	741	2,323
Other	346	421
	1,087	**5,282**

	2001 ($000)	2000 ($000)
Expenditure		
30 Agriculture and Forestry		
Department of Agriculture and Forestry	50,793	24,692
PEI Grain Elevators Corporation	316	678
PEI Agricultural Research Investment Fund	644	358
	51,753	**25,728**
31 Community and Cultural Affairs		
Department of Community & Cultural Affairs	13,142	11,773
PEI Human Rights Commission	294	288
PEI Museum and Heritage Foundation	1,314	1,101
	14,750	**13,162**
32 Development and Technology		
Department of Development and Technology	10,184	14,990
Employment Development Agency	5,496	4,832
Innovative Solutions Agency (PEI) Inc	155	713
PEI Business Development Inc	46,718	33,126
PEI Energy Corporation	491	384
Technology Asset Management	495	-
	63,539	**54,045**
33 Education		
Department of Education	192,570	177,205
PEI Regulatory and Appeals Commission	1,065	1,041
	193,635	**178,246**
34 Fisheries, Aquaculture and Environment		
Dept. of Fish., Aquaculture and Environment	8,021	7,695
PEI Aquaculture and Fisheries Research Initiat.	138	105
	8,159	**7,800**
35 Health and Social Services		
Department of Health and Social Services	82,175	79,732
East Prince Health Facility	5,895	-
East Prince Health Authority	52,212	49,175
Eastern Kings Health Authority	12,183	10,744
Queens Region Health & Community Services	156,780	147,979
Southern Kings Health Authority	15,780	14,693
West Prince Health Authority	18,189	17,143
	343,214	**319,466**

	2001 ($000)	2000 ($000)
36 Provincial Treasury		
Department of Provincial Treasury	16,891	15,597
Council of Maritime Premiers	184	176
PEI Lending Agency	2,757	1,864
General Government	5,242	4,853
Interministerial Women's Secretariat	317	323
PEI Self Insurance and Risk Management Fund	1,172	1,025
	26,563	**23,838**
37 Public Service Commission		
Public Service Commission	4,850	4,067
Employee Benefits	15,895	10,473
	20,745	**14,540**
38 Tourism		
Department of Tourism	139	190
Tourism PEI	24,642	17,938
	24,781	**18,128**
39 Transportation & Public Works		
Department of Transportation & Public Works	70,239	65,223
Capital Expenditures of the Operating Fund	29,345	45,591
Island Waste Management Corporation	7,093	2,691
PEI Crown Building Corporation	-	13
	106,677	**113,518**
40 Expenditure by Object		
Administration	23,618	20,219
Capital	38,123	45,591
Equipment	10,728	11,960
Interest on Debt	116,503	108,754
Materials and Supplies	73,084	66,546
Professional and Contract Services	98,232	88,027
Salaries and Benefits	392,079	365,897
Travel and Training	8,855	8,230
Transfer Payments	235,088	187,657
Total Expenditure by Object	**996,310**	**902,881**

41 Reconciliation of Consolidated Surplus (Deficit)

	2000-01 Surplus (Deficit) ($000)	Consolidation Adjustments ($000)	2000-01 Consolidated Surplus (Deficit) ($000)
Operating Fund			
Ordinary Revenue and Expenditure	16,633	3,200	19,833
Capital Revenue and Expenditure	(28,258)	-	(28,258)
	(11,625)	3,200	(8,425)
Consolidated Agencies			
East Prince Health	-	(540)	(540)
Eastern Kings Health	-	-	-
Eastern School District	-	(961)	(961)
French Language School Board	-	5	5
Innovative Solutions Agency (PEI)	(78)	479	401
Island Waste Management Corporation	(716)	(1,164)	(1,880)
PEI Agricultural Research Invest.	6	-	6
PEI Aquaculture & Fisheries Res.	(41)	-	(41)
PEI Business Development Inc	877 *	1,019	1,896
PEI Crown Building Corporation	-	-	-
PEI Energy Corporation	59	-	59
PEI Housing Corporation	-	1,053	1,053
PEI Human Rights Commission	12	-	12
PEI Lending Agency	301	-	301
PEI Museum & Heritage Foundation	(13)	(29)	(42)
PEI Self Insurance & Risk Mgmt	212	-	212
PEI Special Projects Fund	(17,357)	-	(17,357)
Queens Region Health	-	(168)	(168)
Southern Kings Health	-	-	-
Tourism PEI	(704)	(7,379)	(8,083)
West Prince Health	-	-	-
Western School Board	-	(489)	(489)
	(17,442)	(8,174)	(25,616)
Surplus (Deficit) Before Adjustments	(29,067)	(4,974)	(34,041)
Gain (Loss) on Gov't Business Enterprises (Sched 14)		(886)	(886)
Consolidated Surplus (Deficit)	(29,067)	(5,860)	(34,927)

* The surplus of PEI Business Development Inc, for the year ended March 31, 2001, has been restated. A $725 thousand deferred credit on the balance sheet of BDI has been eliminated and the corresponding expenditure has been reduced because the transaction did not occur with a third party organization.

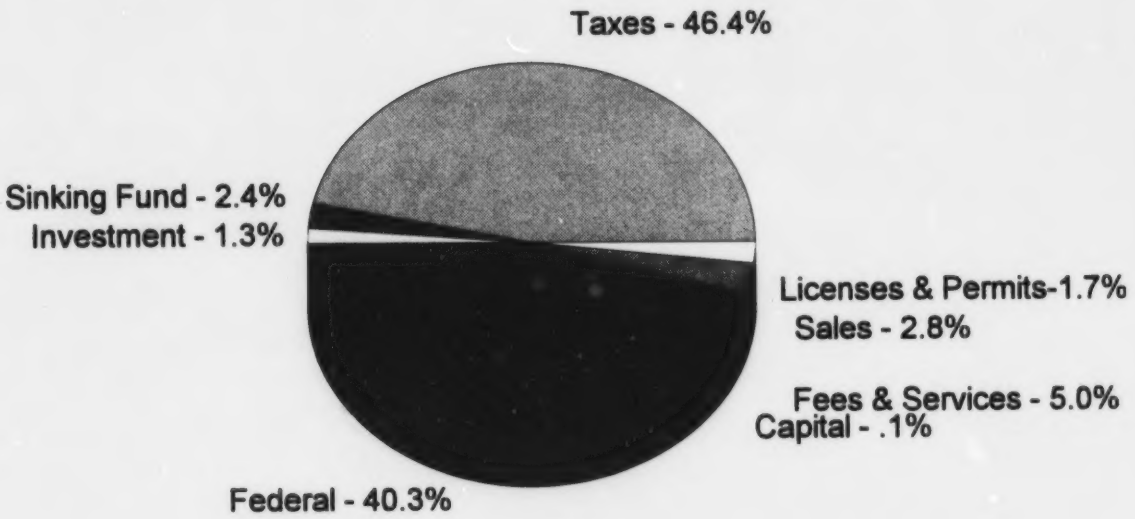
Province of
Prince Edward Island

Operating Fund

Statements and Schedules

Total Revenue

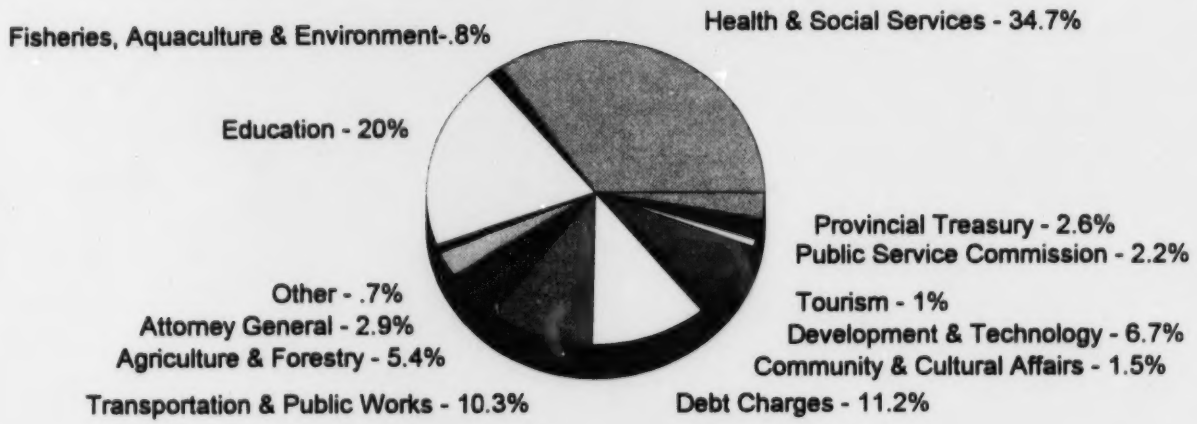
Operating Fund



Total revenue in 2000/01 for the Operating Fund was $951.6 million, $51.2 million more than in 1999/00. Increases were mainly in: Taxes ($8.8 million); Fees and Services ($13.7 million); and the Federal Government ($30.6 million).

Total Expenditure by Ministry

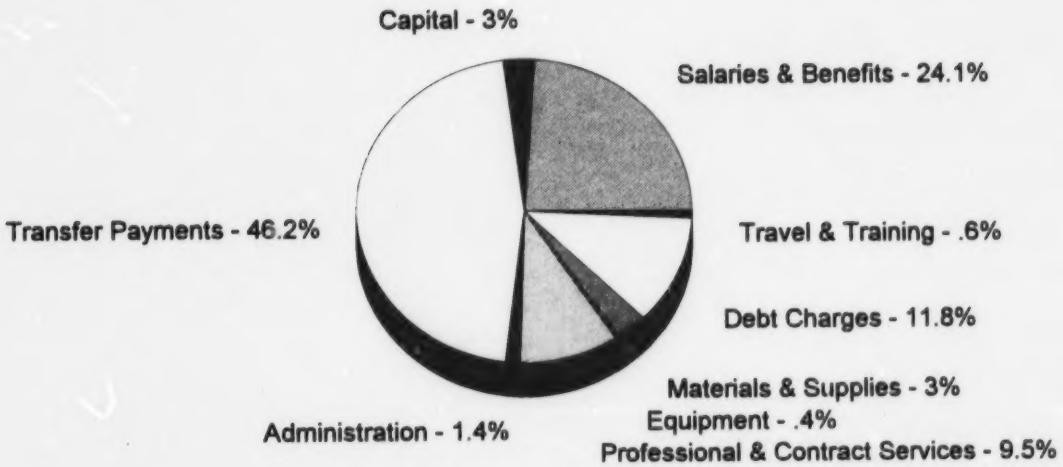
Operating Fund


Fisheries, Aquaculture & Environment-.8%
Health & Social Services - 34.7%
Education - 20%
Provincial Treasury - 2.6%
Public Service Commission - 2.2%
Other - .7%
Attorney General - 2.9%
Agriculture & Forestry - 5.4%
Tourism - 1%
Development & Technology - 6.7%
Community & Cultural Affairs - 1.5%
Transportation & Public Works - 10.3%
Debt Charges - 11.2%

Total expenditure in 2000/01 for the Operating Fund was $963.2 million, $63.9 million more than in 1999/00. Increases were mainly in: Agriculture and Forestry ($26.1 million); Health and Social Services ($23.7 million); Development and Technology ($15.4 million); Education ($13 million); and Public Service Commission ($6.7 million). The increases in expenditure were offset by decreases in: Provincial Treasury ($20.8 million) and Transportation and Public Works Capital Expenditure ($16.3 million).

Total Expenditure by Object

Operating Fund


Capital - 3%
Salaries & Benefits - 24.1%
Transfer Payments - 46.2%
Travel & Training - .6%
Debt Charges - 11.8%
Materials & Supplies - 3%
Equipment - .4%
Administration - 1.4%
Professional & Contract Services - 9.5%

Total expenditure in 2000/01 for the Operating Fund was $963.2 million, $63.9 million more than in 1999/00. Increases were mainly in: Transfer Payments ($45.7 million) and Salaries and Employee Benefits ($16.9 million).

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Prince Edward Island

These financial statements report transactions and events of the Operating Fund only. Significant financial activities of the Government occur outside this Fund. Therefore, readers should not use the Operating Fund's financial statements to understand and assess the Government's management of public financial affairs and resources as a whole.

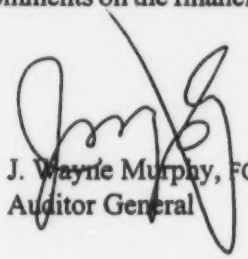
Volume 1 of the Public Accounts also includes a more complete set of financial statements. Those statements are called the *Consolidated (Summary) Financial Statements* of the Province of Prince Edward Island. Their purpose is to report the full nature and extent of the financial affairs and resources for which the Government is responsible. Please refer to those summary statements to understand and assess the Government's management of public financial affairs and resources as a whole.

I have audited the Operating Fund statement of financial position of the Province of Prince Edward Island as at March 31, 2001 and the statement of revenue and expenditure, changes in net debt and cash flows for the year then ended. These statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these Operating Fund financial statements present fairly, in all material respects, the financial position of the Province of Prince Edward Island as at March 31, 2001 and the results of its operations, the changes in net debt and the cash flows for the year then ended in accordance with the basis of accounting disclosed in the notes to the financial statements.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.



J. Wayne Murphy, FCA
Auditor General

Charlottetown, Prince Edward Island
October 24, 2001

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Financial Position
as at March 31, 2001

		2001 ($000)	2000 ($000)
	LIABILITIES		
Schedule			
1	Bank Advances	4,772	1,889
2	Deferred Revenue/Credits	16,896	19,672
3	Accounts Payable	142,373	147,726
4	Accrued Liabilities	100,230	97,180
5	Short Term Loans	158,273	57,131
6	Obligation Under Capital Leases	27,285	27,454
7	Loans Payable	3,067	3,752
8	Pension Obligations	216,382	190,783
9	Debentures	989,959	994,963
	Total Liabilities	**1,659,237**	**1,540,550**
	ASSETS		
10	Accounts and Taxes Receivable	96,606	82,674
11	Treasury Advances	1,045	783
12	Inventories	82	310
13	Investments	4	4
9	Sinking Fund and Market Contingeny Fund	301,410	287,379
14	Loans Receivable	178,222	135,605
15	Deferred Charges	45,876	9,428
	Total Assets	**623,245**	**516,183**
	NET DEBT	**1,035,992**	**1,024,367**

16 Tangible Capital Assets
17 Trust Funds
18 Guaranteed Debt

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Revenue and Expenditure
for the year ended March 31, 2001

		2001 Unaudited Estimate	2001 Unaudited Forecast	2001 Actual	2000 Actual
	REVENUE				
Schedule		($000)	($000)	($000)	($000)
21	Taxes	437,474	440,585	441,737	432,925
22	Licenses and Permits	14,099	15,970	16,308	15,770
23	Fees and Services	30,801	49,950	46,899	33,215
24	Sales	25,538	25,889	26,764	24,899
25	Investment	12,596	11,863	12,577	12,176
26	Government of Canada	340,350	384,769	383,477	352,866
	Capital Revenue	451	1,022	1,087	5,282
	Sinking Fund Earnings	21,550	22,000	22,798	23,222
	Total Revenue	**882,859**	**952,048**	**951,647**	**900,355**
	EXPENDITURE				
27	Agriculture and Forestry	23,110	52,123	51,829	25,671
	Attorney General	27,530	27,794	27,775	25,714
	Auditor General	1,204	1,148	1,070	1,110
	Community and Cultural Affairs	12,118	14,265	14,249	12,062
28	Development and Technology	45,125	59,596	64,061	48,659
29	Education	185,698	191,674	192,191	179,219
	Executive Council	2,359	2,310	2,244	2,127
	Fisheries, Aquaculture and Environment	7,616	8,124	8,071	7,695
30	Health and Social Services	326,132	333,610	334,300	310,553
	Legislative Assembly	3,106	3,822	3,652	2,745
31	Provincial Treasury	25,442	26,726	24,927	45,704
32	Public Service Commission	15,785	18,681	21,215	14,540
33	Tourism	9,875	10,258	10,249	9,627
34	Transportation and Public Works	66,299	73,216	70,239	65,610
	Interest Charges on Debt	108,470	107,741	107,743	102,695
	Total Ordinary Expenditure	**859,869**	**931,088**	**933,815**	**853,731**
	Capital Expenditure	29,771	30,119	29,345	45,591
	Total Expenditure	**889,640**	**961,207**	**963,160**	**899,322**
	Surplus (Deficit) Before Special Adjustment	**(6,781)**	**(9,159)**	**(11,513)**	**1,033**
	Special Adjustments				
	Pension Adjustment	7,000	2,500	(112)	2,541
	Capital Lease (Note 6d)	-	-	-	(6,416)
	Reclassified Loan (Note 9)	-	-	-	(2,603)
	Total Special Adjustments	**7,000**	**2,500**	**(112)**	**(6,478)**
	SURPLUS (DEFICIT)	**219**	**(6,659)**	**(11,625)**	**(5,445)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund

Statement of Ordinary Expenditure by Object

for the year ended March 31, 2001

Department	Administration	Debt	Equipment	Materials and Supplies	Professional & Contract Services	Salaries & Employee Benefits	Travel & Training	Transfer Payments	Total	Unaudited Estimate
	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)	($000)
Agriculture and Forestry	509	-	318	966	2,693	9,913	1,072	36,358	51,829	23,110
Attorney General	488	-	221	779	10,285	14,981	506	515	27,775	27,530
Auditor General	31	-	5	9	-	990	23	12	1,070	1,204
Community and Cultural Affairs	389	-	487	693	444	6,132	303	5,801	14,249	12,118
Development and Technology	720		191	883	788	4,639	145	56,695	64,061	45,125
Education	765	7	637	2,176	657	115,097	377	72,475	192,191	185,698
Executive Council	57	-	31	10	311	1,679	147	9	2,244	2,359
Fisheries, Aquaculture and Environment	221	-	181	435	696	4,221	578	1,739	8,071	7,616
Health and Social Services	802	5,067	501	1,815	58,989	8,354	592	258,180	334,300	326,132
Legislative Assembly	287	-	38	57	777	2,218	122	153	3,652	3,106
Provincial Treasury	2,399	850	383	2,562	985	10,379	763	6,606	24,927	25,442
Public Service Commission	198	-	40	135	1,768	18,964	100	10	21,215	15,785
Tourism	12	-	31	21	17	4,057	12	6,099	10,249	9,875
Transportation and Public Works	6,933	150	676	18,063	12,878	30,133	1,311	95	70,239	66,299
Interest Charges on Debt	-	107,743	-	-	-	-	-	-	107,743	108,470
Total Expenditures	13,811	113,817	3,740	28,604	91,288	231,757	6,051	444,747	933,815	859,869
Percentage of Total Expenditures	1.5	12.2	0.4	3.1	9.8	24.8	0.6	47.6	100.0	

Note 1 - Salaries include the salaries paid to School Unit Employees.

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Capital Revenue and Expenditure
for the year ended March 31, 2001

	2001 $ Unaudited Estimate	2001 $ Unaudited Forecast	2001 $ Actual	2000 $ Actual
REVENUE				
Federal Sources	-	-	-	2,538
Land Sales	321	830	741	2,323
Other	130	192	346	421
Total Capital Revenue	**451**	**1,022**	**1,087**	**5,282**
EXPENDITURE				
Highways				
Paving	5,530	6,082	5,316	10,381
Reconstruction	16,099	16,530	17,074	18,694
Bridges and Culverts	2,975	2,765	2,545	3,310
Bridges and Roads Under Lease	-	-	-	87
Highways Equipment	1,500	1,500	1,487	636
Total Highways	26,104	26,877	26,422	33,108
Buildings				
Brighton Road Office Complex	175	201	201	1,021
East Prince Waste Management Facility	90	90	73	244
Environmental Services Lab	251	251	235	-
Health Care Buildings - Renovations	-	-	-	994
Holland College	-	250	250	-
Portage Visitor Information Centre	350	25	21	-
Provincial Addiction Facility	80	93	96	2,882
Province House	-	-	-	215
Shaw Building	425	125	210	-
Sullivan Building	300	320	289	-
Southern Kings/Queens Reg Serv Centre	-	-	-	244
West Prince Regional Services Centre	268	169	160	-
Other	168	-	5	195
Total Buildings	2,107	1,524	1,540	5,795
Other Capital Assets				
Automated Ion Analyser	125	137	137	-
Brudenell Waste Treatment Facilities	-	60	134	5,201
Dump Site Decommissioning	750	750	327	273
International Trucking Registration Plan	150	150	125	-
Land Purchase	321	321	353	620
Plasma Spectrometer	159	165	175	-
Other	55	135	132	594
Total Other Capital	1,560	1,718	1,383	6,688
Total Capital Expenditure	**29,771**	**30,119**	**29,345**	**45,591**
NET CAPITAL EXPENDITURE	**29,320**	**29,097**	**28,258**	**40,309**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Changes in Net Debt
for the year ended March 31, 2001

	2001 ($000)	2000 ($000)
Net Debt Beginning of Year	**1,024,367**	**990,405**
Net Debt Increased by:		
Operating Fund Deficit	11,625	5,445
Employee Benefits Accrual Adjustment (Note 10)	-	28,517
Net Debt End of Year	**1,035,992**	**1,024,367**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Statement of Cash Flows
for the year ended March 31, 2001

	2001 ($000)	2000 ($000)
Operating Activities		
Surplus (Deficit) for the year	(11,525)	(5,445)
Adjustments to Surplus (Deficit):		
Sinking Fund Earnings	(22,798)	(23,222)
Pension Adjustment	112	(2,541)
Employee Benefits Accrual Adjustment	-	(28,517)
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	(13,933)	6,362
Treasury Advances - (Increase) Decrease	(262)	249
Inventories - (Increase) Decrease	229	(37)
Deferred Charges - (Increase) Decrease	(247)	(3,988)
Deferred Revenue - Increase (Decrease)	4,555	7,107
Accounts Payable - Increase (Decrease)	(5,353)	14,706
Accrued Liabilities - Increase (Decrease)	3,054	26,446
Cash Provided by (Used for) Operating Activities	**(46,268)**	**(8,880)**
Investing Activities		
Changes in:		
Net Loans Receivable - (Increase) Decrease	(42,616)	(11,787)
Cash Provided by (Used for) Investing Activities	**(42,616)**	**(11,787)**
Financing Activities		
Proceeds From Debentures	-	80,000
Changes in:		
Treasury Notes - Increase (Decrease)	110,000	(55,000)
Loans Payable - Increase (Decrease)	(685)	(776)
Obligation Under Capital Leases - Increase (Decrease)	(169)	4,940
Payment of Provincial Deposit Receipts	(8,859)	(12,318)
Payment of Debentures	(3,020)	(2,798)
Payments to Sinking Fund	(11,266)	(10,125)
Cash Provided by (Used for) Financing Activities	**86,001**	**3,923**
Increase (Decrease) in Cash and Temporary Investments	(2,883)	(16,744)
Cash and Temporary Investments (Bank Advances), beginning of year	(1,889)	14,855
Cash and Temporary Investments (Bank Advances), end of year	**(4,772)**	**(1,889)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund
Statement of Financial Position
as at March 31, 2001

	2001 ($000)	2000 ($000)
ASSETS		
Cash	5	8
Accrued Interest	4,170	3,890
Accounts Receivable	23,189	20,481
	27,364	24,379
Investments	274,049	263,004
Total Assets	**301,413**	**287,383**
LIABILITIES		
Accounts Payable	3	4
SINKING FUND RESERVE	246,938	235,921
MARKET CONTINGENCY FUND RESERVE	54,472	51,458
	301,410	287,379
Total Liabilities and Fund Reserves	**301,413**	**287,383**

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund
Statement of Financial Activities
for the year ended March 31, 2001

	2001 ($000)	2000 ($000)
Sinking Fund Earnings		
Interest	22,997	22,035
Gain on Sale of Debentures	184	1,466
	23,181	23,501
Expenses		
Bank Charges	28	25
Amortization of Debenture Discount	355	254
	383	279
Net Sinking Fund Earnings	**22,798**	**23,222**
Add:		
Instalments from Operating Fund	11,265	10,125
Debentures Issued During Year	9,136	7,332
Less:		
Payments to Pension Funds	18,048	18,048
Debentures Which Matured During the Year	11,120	8,329
Increase in Sinking Fund Reserve	**14,031**	**14,302**
Sinking Fund Reserves, Beginning of Year	**287,379**	**273,077**
Sinking Fund Reserves, End of Year	**301,410**	**287,379**

PROVINCE OF PRINCE EDWARD ISLAND

Sinking Fund
Statement of Investments
as at March 31, 2001

	2001 ($000)	2000 ($000)
Book Value of Investments		
Debentures-Par Value	194,003	176,367
Add: Unamortized Premium	1,682	1,438
	195,685	177,805
Debentures-Residuals	77,914	84,749
Mortgage Receivable	450	450
Total Book Value of Investments	**274,049**	**263,004**
Market Value of Investments		
Market Value of-Debentures	303,116	288,198
-Mortgage Receivable	484	458
Total Market Value of Investments	**303,600**	**288,656**

PROVINCE OF PRINCE EDWARD ISLAND

Notes to Operating Fund Financial Statements
For the year ended March 31, 2001

1 (a) Reporting Entity

In accordance with the Financial Administration Act, the financial position of the Province is presented by a Statement of Financial Position of the Operating Fund. The Operating Fund receives all revenues unless otherwise specified by law . Spending from the Operating Fund is appropriated by the Legislative Assembly.

Government entities, such as agencies and crown corporations, report separately in other financial statements. The Province's consolidated (summary) financial statements includes the combined financial position, and financial activities, of the Operating Fund and other government entities. The consolidated financial statements are provided separately.

(b) Definitions

Capital Expenditure
Expenditures incurred in the acquisition, development or construction of capital assets and equipment with a cost of $50 thousand or greater. They do not include operational expenses. Capital expenditures are generally for highway construction and buildings. Capital expenditures are reported as expenditures in the year they are made.

Tangible Capital Assets
Non-financial assets that are held for use in the production or supply of goods and services, have useful lives extending beyond one accounting period and are not intended for sale in the ordinary course of operations.

Ordinary Expenditures:
Administration
Includes the costs associated with the operation and administration of an office.

Debt
Includes the cost of servicing the public debt and provision for losses.

Equipment
Includes equipment costing less than $50 thousand and not permanently attached to buildings.

Materials and Supplies
Includes the cost of consumable supplies required in day to day operations.

Professional and Contract Services
Includes professional and contract services from non - government individuals or organizations.

Salary and Employee Benefits
Includes costs associated with employment of individuals such as salaries, severance and retirement allowances, workers compensation and employer share of insurance, Blue Cross, Canada Pension Plan, unemployment insurance, etc.

Travel and Training
Includes all costs associated with travel and training of provincial government employees.

Transfer Payments
Payments to individuals, organizations or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

Inventory
Includes only that which is held for resale. Other commodities relating to consumable goods are valued at nil.

2 Basis of Accounting

(a) The Province complies with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants with a few exceptions. The Province follows the expenditure basis of accounting for the preparation of its financial statements.

(b) The financial transactions recorded in the Accounts of the Province and reflected in the Public Accounts are classified as budgetary and non-budgetary.

In general terms budgetary transactions are those which enter into the calculation of the annual budgetary surplus or deficit and are disclosed in the Statement of Revenue and Expenditure, both Capital and Ordinary Revenues and Expenditures are included. Non-budgetary transactions lead to the acquisition or disposal of financial assets, or to the creation or discharge of financial obligations, which are disclosed in the Statement of Financial Position.

(c) Liabilities
Bank advances represent net cash position including bank balances and term deposits.

Deferred revenue represents amounts received but not earned.

Payables, accruals and other liabilities are recorded for all amounts due for work performed, goods or services received and other charges incurred in the fiscal year.

Borrowings are recorded at face value.

Obligation under capital lease represents the liability recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease recognizes the lease contract as a financing tool to acquire an asset.

Pension obligations represent the Province's net pension liability as calculated using an accrued benefits actuarial method. The net pension liability represents accrued pension benefits less the market value of pension assets.

Debentures represent the gross funded debt of Province of PEI public debenture issues, private debenture issues and Canada Pension Plan debenture issues.

(d) Assets
Receivables are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Loans and advances are recorded at cost. A provision for loss is established for doubtful accounts.

Inventories are recorded at the lower of cost or net realizable value.

Investments are recorded at the lower of cost or net realizable value.

Sinking fund assets are recorded at cost. A portion of the sinking fund assets are externally restricted.

Deferred charges represent recorded expenditures which will be included in the Statement of Revenue and Expenditure in future years.

(e) Net Debt

The Province's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Province is determined by its liabilities less its listed assets.

(f) Revenues

Revenues are recorded on an accrual basis, however payments from Canada under the Federal - Provincial Fiscal Arrangements, the Canada Health and Social Transfer and the Tax Collection Agreement are based on estimates which will be adjusted against future years revenues when actual results become available.

(g) Expenditures

Expenditures are recorded on an accrual basis.

Tangible capital assets are reported as expenditures in the year the assets are acquired, they are not included in the Province's Statement of Financial Position. Schedule 16 (unaudited) is provided to inform financial statement users of the net book value of the tangible capital assets available for use by the Province. Amortization, which is not reported in the Statement of Revenue and Expenditure, is calculated using the straight line and declining balance methods at the following annual rates:

Buildings	Declining Balance - 2.5%
Leasehold Improvements	Straight Line - Based on Length of Lease
Roads	Declining Balance - 10%
Bridges	Declining Balance - 2.5%
Motor Vehicles	Declining Balance - 10% - 20%
Equipment	Declining Balance - 20%
Computer Equipment	Straight Line - 20%
Other	Straight Line - 5% - 20%

3 Province of Prince Edward Island Sinking Fund

The Province of Prince Edward Island Sinking Fund was established to reserve funds to meet future commitments and for debt retirement. Those funds designated for debentures are considered to be externally restricted and as a result cannot be used for other purposes. Earnings on sinking funds are reflected as current account revenue. The Sinking Fund is made up of three components:

(a) Debentures

Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are treated as a non-budgetary item. The installment payments for the next five years are:

	($000)
2001-2002	11,131
2002-2003	10,511
2003-2004	10,488
2004-2005	9,243
2005-2006	9,243

(b) Canada Pension Plan Debentures

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice. No calls have occurred to date and none are expected. Beginning in March 1999 the Province began re-financing CPP debentures as they become due. There are no installment requirements for Canada Pension Plan debentures and there are no external restrictions on funds contributed to the Sinking Fund for the retirement of Canada Pension Plan debentures. In June 2001 the Province established the Debt Reduction Fund. Funds in the Sinking Fund designated for Canada Pension Plan debentures will be transferred to the Debt Reduction Fund.

(c) Market Contingency Fund

The Market Contingency Fund was established from over-funding of Provincial debenture issues and Canada Pension Plan loans. At March 31, 2001 the balance of this fund is $54.5 million. In June 2001 the Province established the Debt Reduction Fund. Funds in the Sinking Fund designated as Market Contingency Funds will be transferred to the Debt Reduction Fund.

As at March 31, 2001 Sinking Fund investments include PEI Issues held but not cancelled in the amounts of:

	($000)		($000)
Debentures - Par Value	22,895	Book Value	24,844
Residuals - Par Value	97,390	Book Value	58,568

4 Claims Outstanding

At March 31, 2001 there are twenty outstanding claims arising from legal action in progress against the Crown in respect of breach of contract, damages to persons and property and like items. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain. An estimated amount for settlement of those claims not being paid through the Prince Edward Island Self-Insurance and Risk Management Fund is $686 thousand.

Thirteen of the twenty claims outstanding will be paid through the Prince Edward Island Self-Insurance and Risk Management Fund. The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The fund insures against liability claims. At March 31, 2001, fund reserves were $7.9 million, ($7.7 million in 2000). Claims amounting to $586 thousand ($415 thousand in 2000), were settled in the current year. The estimated amount for claims outstanding at March 31,2001 is $503 thousand ($500 thousand in 2000). The fund carries an excess liability policy limiting the liability of the fund to $5 million.

Included in the twenty claims outstanding are two class action suits seeking $3.5 billion (Hepatitis C) and $18.7 million (Canadian Red Cross).

5 Solid Waste Landfill Closure and Post-Closure Liability

Public Sector Accounting Board recommendations provide guidelines for disclosure of liability resulting from the operation of landfill sites. This liability applies to all operating and closed landfill sites of governments and their organizations. The liability includes the estimated cost of activities related to closing landfill sites and the estimated cost of monitoring the site once it is no longer accepting waste. The Province is in the process of determining its liability related to solid waste landfill sites for disclosure in future Public Accounts.

6 Commitments

(a) Central Mortgage and Housing Corporation

The Province is committed to pay half the cost of a loan from Central Mortgage and Housing Corporation, for the development of the Charlottetown Area Pollution Control and Summerside Sewage Disposal systems. The outstanding loan balance as at March 31, 2001 was $453 thousand. An amount of $187 thousand is included in the 2001-20.2 budget of the Department of Community and Cultural Affairs, to meet the Province's principal and interest share for the fiscal year.

(b) K.C. Irving Chemistry Building

The Province is committed to make payments over a ten year period totaling $1 million plus interest on the outstanding balance. The outstanding balance as at March 31, 2001 was $600 thousand. An amount of $150 thousand is included in the 2001-2002 budget of the Department of Education to meet the Province's principal and interest share for the fiscal year.

(c) Credit Union Deposit Insurance Corporation

The Credit Unions Act states that the Province shall ensure that the obligations of The Credit Union Deposit Insurance Corporation are carried out. The Credit Union Deposit Insurance Corporation provides deposit insurance coverage on deposits held by PEI credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the ten credit unions. At December 31, 2000 the CUDIC had an equity balance of $3 million. At September 30, 2000 credit unions in Prince Edward Island held insurable deposits totalling $330 million. The probability that the Province would be called upon to provide financial support to the CUDIC is unlikely due to the fact that, at September 30, 2000, the ten credit unions in PEI had total assets of $419 million and $402.5 million in members' deposits and liabilities leaving $16.5 million in members' equity.

(d) Leases

The Province is party to a significant number of lease agreements. The following list contains those leases where the annual lease payments exceed one hundred thousand dollars.

Asset Description	Annual Lease Cost ($000)		Lease Expiration
Sir Henry Davies Law Courts *	791	**	March 21, 2128
Health and Social Services Office Space	301		March 31, 2012
Queens Regional Health Authority Office	405		May 14, 2012
Ch'town Highway Safety Division Office	147		June 30, 2007
Kelly Building (Provincial Court House) *	355		October 31, 2024
Access PEI Summerside Office	583		January 31, 2018
Eastern Kings Regional Services Centre	197		December 31, 2010
Morell Library	163		March 31, 2003
Blanchard Building	212		August 31, 2003
Concorde Building	158		June 30, 2009
Cambridge Building	163		Month to Month
Research Station	293		Being Negotiated
Hillsborough Bridge *	1,359		August 21, 2001
DocuTech 135 High Speed Copier	129		April 26, 2006
Unisys Mainframe Computer	663		March 31, 2003
Law Court Case Management System	730		March 31, 2002

* Capital Leases

Costs associated with replacement of the Hillsborough Bridge ($21.7 million) and renovations to the Davies and Kelly Law Courts Buildings ($6.4 million) have been recorded as capital leases. These capital lease obligations are recorded as liabilities in the Statement of Financial Position.

** Sir Henry Davies Law Court Lease

For the period November 1, 2019 to March 21, 2128 the annual base rent is $1.

(e) Guaranteed Debt

The Province has guaranteed the repayment of lines of credit, debentures, share issues and student loans. Guarantees amounting to $21.9 million are reported on Schedule 18.

(f) Pension Obligations

Acts to amend the Civil Service Superannuation Fund and the Teachers' Superannuation Fund reflect that the Province shall pay $63.4 million and $129.4 million into the Funds respectively, from 1996 to 2005.

Additional payments will be made for interest revenue lost as a result of deferral of the 1997-98 installment to March 31, 1999. Interest in the amount of $3.7 million will be paid in seven annual installments commencing on April 1, 1998

7 Pension Funds

The Province sponsors contributory defined benefit pension plans for substantially all of its employees and for members of its legislature. There are four plans - the Civil Service Superannuation Fund, the PEI Teachers' Superannuation Fund, the PEI MLA Pension Fund (Old Plan) and the PEI Pension Plan for Members of the Legislative Assembly (New Plan). The plans provide pensions based on length of service and final average earnings. At present, the plans provide benefits for 2,423 retirees; benefit payments were $37.9 million in 2001 ($35.5 million in 2000).

(a) Civil Service Superannuation Fund

Employees of the Province and certain of its' entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund which is not part of the Consolidated Fund of the Province. The Plan is funded by employee contributions equal to 6.95 percent of their salary (8.75 percent when not contributing to CPP) with the Province matching those contributions. In 2001, total employee contributions for current year's service were $8.1 million ($7.3 million in 2000). Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due. The plan provides for inflation protection to a maximum of 6 percent.

Actuarial Valuations of the Civil Service Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 1999. An estimated update, which is a partial calculation based on an extrapolation of the April 1, 1999 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (16 years).

	Actuarial Valuation 01-Apr-99	Estimate 31-Mar-01
	($000)	**($000)**
Actuarial Liability	367,574	456,110
Fund Assets	328,023	391,829
Unfunded Liability	39,551	64,281

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

An amendment to the Civil Service Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of $11.6 million in 1995/96 and $5.8 million in the years 1996/97 to 2004/05.

(b) Teachers' Superannuation Fund

The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund which is not part of the Consolidated Fund of the Province. The Plan is funded by employee contributions equal to 7.2 percent of their salary (9 percent when not contributing to CPP) with the Province matching those contributions. In 2001, total employee contributions for current year's service were $5.5 million ($5.2 million in 2000). Investments of the Fund are adminsistered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Teachers' Superannuation Fund is insufficient to provide for pension payments as they become due. The plan provides for inflation protection to a maximum of 4 percent.

Actuarial Valuations of the Teacher's Superannuation Fund are carried out every three years. The most recent Actuarial Valuation was carried out at July 1, 1999. An estimated update, which is a partial calculation based on an extrapolation of the July 1, 1999 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial gain to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (14 years).

	Actuarial Valuation 01-Jul-99	Estimate 31-Mar-01
	($000)	**($000)**
Actuarial Liability	392,767	426,161
Fund Assets	245,891	266,981
Unfunded Liability	146,876	159,180

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine the accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

An amendment to the Teachers' Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment calls for a contribution from the government of $23.6 million in 1995/96 and $11.8 million in the years 1996/97 to 2004/05.

(c) MLA Pension Fund (Old Plan)

The Legislative Assembly Retirement Allowances Act and Legislature and Executive Pensions Act provided a pension plan for members of the Legislative Assembly. The plan is operated within the MLA Pension Fund which is not part of the Consolidated Fund of the Province. Amendments in 1994 resulted in this plan being replaced by a new pension plan. Participants of the Old Plan will be entitled to benefits accruing under the terms of the plan up to and including June 30,1994. As a result, contributions to this fund ceased on June 30, 1994; however, investment interest and payments to existing pensioners will continue to be recorded to this this fund. As well, the province provided $5 million in funding to eliminate the unfunded liability at June 30, 1994. Investments are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The plan provides for inflation protection to a maximum of 8 percent.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 2000. An estimated update, which is a partial calculation based on the extrapolation of the April 1, 2000 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial gain to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (15 years).

	Actuarial Valuation 01-Apr-00	Estimate 31-Mar-01
	($000)	**($000)**
Actuarial Liability	13,088	12,989
Fund Assets	20,715	20,263
Unfunded Liability (Surplus)	(7,627)	(7,274)

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine the accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

(d) Pension Plan for Members of the Legislative Assembly (New Plan)

An Amendment to the Legislative Assembly Act in 1994 provided for an Indemnities and Allowances Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Opposition House Leader, Government Whip and Opposition Whip. As a result of this amendment, a pension plan called the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" was established by the Commission with an effective start date of July 1, 1994. The plan is operated within the Pension Plan for Members of the Legislative Assembly (1994) which is not part of the Consolidated Fund of the Province. The plan is funded by contributions from the members of the Legislative Assembly equal to 8 percent of their salary with the Province matching those contributions. In 2001, total contributions for current year's service were $112.6 thousand ($110.9 thousand in 2000). Investments of the fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The plan provides for inflation protection to a maximum of 8 percent.

Actuarial Valuations of the Fund are carried out every three years. The most recent Actuarial Valuation was carried out at April 1, 2000. An estimated update, which is a partial calculation based on the extrapolation of

the April 1, 2000 valuation, is provided as at March 31, 2001. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups (15 years).

	Actuarial Valuation 01-Apr-00	Estimate 31-Mar-01
	($000)	($000)
Actuarial Liability	1,206	1,518
Fund Assets	1,181	1,323
Unfunded Liability (Surplus)	25	195

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 3.5 percent. The discount rate used to determine the accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was 2.9 percent in 2001 (13 percent in 2000).

8 Canada Health and Social Transfer

The Province is receiving, from the Government of Canada, supplementary funding under the Canada Health and Social Transfer. The Federal Government has set up a trust fund to administer this program. The Province is recording revenue from this program per the following schedule:

	First Allocation	Second Allocation	Equipment Allocation	Totals
1999 - 2000	$9.0 million	-	-	$ 9.0 million
2000 - 2001	4.5 million	4.5 million	2.3 million	11.3 million
2001 - 2002	2.2 million	2.2 million	2.2 million	6.6 million
2002 - 2003	-	2.2 million	-	2.2 million
2003 - 2004	-	2.2 million	-	2.2 million
Totals	$15.7 million	$11.1 million	$4.5 million	$31.3 million

9 Reclassified Loan

In the fiscal year ended March 31, 2000 the Province entered into an agreement with Innovative Solutions Agency (PEI) Inc. for development of a human resources program. A loan was provided to Innovative Solutions for the purchase of software and development of the HR program, the intent being that the Province would pay for the program through annual payments to Innovative Solutions. In accordance with guidelines set by the Public Sector Accounting Board this loan has been reclassified and the expenditure to Innovative Solutions, for the HR program, has been recognized as an expenditure in the fiscal year ended March 31, 2000.

10 Employee Benefits Accrual Adjustment

In the fiscal year ended March 31, 2000 the Province made a special adjustment increasing its accrued liability for employee benefits by $28.5 million. This adjustment is made up of two components; one being the addition of certain benefits payable to Health and Education sector employees not previously recognized by the Province The second component of the adjustment is a change in the method of calculating the Province's liability for employee benefits.

11 Subsequent Events

(a) Debt Reduction Fund

In June 2001 the Province established the Debt Reduction Fund for the purpose of retiring public debt. Funds in the Sinking Fund designated for Canada Pension Plan debentures, as well as those funds designated as Market Contingency Funds will be transferred to the Debt Reduction Fund.

(b) Guaranteed Debt

On July 24, 2001 the Province approved a loan guarantee for Atlantic Technology Centre Inc in the amount of $12.1 million.

On September 18, 2001 the Province approved a loan guarantee for Island Waste Management Inc in the amount of $30 million.

12 Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted annually to reflect new information as it becomes available. Examples of where measurement uncertainty exists in these financial statements are the calculation of future pension obligations and the provision for losses on loans and accounts receivable.

13 Comparative Figures

Certain 2000 financial statement figures have been restated to conform with the presentation in 2001.

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Schedules to Statement of Financial Position
as at March 31, 2001

	2001 ($000)	2000 ($000)
1 Cash and Short Term Deposits (Bank Advances)		
Bank Balance	358	12,307
Uncashed Cheques	(8,330)	(14,196)
Term Deposits	3,200	-
	(4,772)	(1,889)
2 Deferred Revenue/Credits		
Motor Vehicle	4,695	4,781
Deferred Pension Charges	-	7,331
General	12,201	7,560
	16,896	19,672
3 Accounts Payable		
Goods & Services	48,759	32,219
Federal	8,750	11,031
Due to Agencies, Boards, & Crown Corporations	34,703	40,944
Workforce Adjustment	86	703
Due to Sinking Fund and Special Funds	46,740	61,392
Other	3,335	1,437
	142,373	147,726
4 Accrued Liabilities		
Payroll and Benefits		
Payroll	1,149	1,120
Retirement and Death Benefits	42,618	41,107
Workers Compensation	15,309	14,497
Pension Plans	12,459	11,601
Vacation Leave	3,822	3,699
Interest		
Debentures	19,741	19,902
Canada Pension Bonds	4,929	5,097
Other	18	14
Deferred Salaries	185	143
	100,230	97,180

	2001 ($000)	2000 ($000)
5 Short Term Loans		
Treasury Notes	110,000	-
Provincial Deposit Receipts - Principal	37,737	45,765
Provincial Deposit Receipts - Interest	10,536	11,366
	158,273	**57,131**
6 Obligation Under Capital Leases		
Hillsborough Bridge	21,735	21,735
Law Court Buildings	5,550	5,719
	27,285	**27,454**
7 Loans Payable		
Federal Secured by Debentures		
School Construction Program	1,528	1,949
Land Development Corporation	1,333	1,500
Charlottetown Area Pollution Control	90	129
Summerside Regional Development Corporation	80	103
Summerside Sewage Disposal	36	59
Urban Services and Development	-	12
	3,067	**3,752**
8 Pension Obligations		
Civil Service Superannuation Fund	64,281	50,426
Teachers' Superannuation Fund	159,180	146,071
MLA Pension Fund (Prior Plan)	(7,274)	(5,891)
Pension plan for Members of the Legislative Assembly	195	177
	216,382	**190,783**

9 Debentures less Sinking Fund

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Funded Debt ($000)	Sinking Fund ($000)	Net Funded Debt ($000)
Public and Private Issues:						
15-Dec-81	15-Dec-01	16.250%	20	13,488	7,527	5,961
30-Apr-92	30-Apr-02	9.750%	10	45,943	7,722	38,221
04-Jul-77	04-Jul-02	9.500%	25	2,991	4,334	(1,343)
01-Dec-78	01-Dec-03	10.250%	25	2,367	1,939	428
18-Apr-79	18-Apr-04	10.625%	25	4,526	3,543	983
15-Jun-94	15-Jun-04	9.375%	10	59,058	8,106	50,952
12-Dec-84	12-Dec-04	12.750%	20	31,352	11,839	19,513
15-Dec-95	15-Dec-04	7.769%	20	13,614	-	13,614
03-Apr-86	03-Apr-06	10.625%	20	33,298	10,678	22,620
15-Jan-87	15-Jan-07	9.875%	20	30,186	8,674	21,512
03-Oct-97	03-Oct-07	6.000%	10	35,000	2,368	32,632
22-Jun-88	22-Jun-08	11.375%	20	47,980	14,343	33,637
01-Dec-88	01-Dec-08	10.750%	20	44,687	12,515	32,172
16-Aug-90	16-Aug-10	11.500%	20	60,000	13,143	46,857
14-Mar-91	14-Mar-11	11.000%	20	50,000	9,875	40,125
19-Sep-91	19-Sep-11	11.000%	20	50,000	9,223	40,777
17-Dec-92	17-Dec-12	9.750%	20	50,000	7,440	42,560
18-Mar-93	18-Mar-13	9.250%	20	60,000	10,148	49,852
27-Oct-95	27-Oct-15	8.500%	20	75,000	7,448	67,552
15-Dec-93	15-Dec-23	8.500%	30	60,000	8,921	51,079
21-Feb-00	21-Feb-30	6.800%	30	80,000	1,210	78,790
				849,490	160,996	688,494
Canada Pension Plan Issues						
1981-82	2001-2002	15.560%	20	11,504	11,504	-
1982-83	2002-2003	14.240%	20	11,360	11,360	-
1983-84	2003-2004	11.670%	20	11,135	11,135	-
1984-85	2004-2005	13.210%	20	10,500	10,500	-
1985-86	2005-2006	11.230%	20	8,975	7,679	1,296
1986-87	2006-2007	9.560%	20	13,526	9,922	3,604
1987-88	2007-2008	9.950%	20	10,010	6,372	3,638
1988-89	2008-2009	10.090%	20	9,703	5,186	4,517
1989-90	2009-2010	9.660%	20	10,544	4,571	5,973
1990-91	2010-2011	10.770%	20	9,603	3,442	6,161
1991-92	2011-2012	9.930%	20	9,794	2,793	7,001
1992-93	2012-2013	9.340%	20	6,971	1,478	5,493
1998-99	2018-2019	5.930%	20	376	-	376
1999-00	2019-2020	6.450%	20	7,332	-	7,332
2000-01	2020-2021	6.640%	20	9,136	-	9,136
				140,469	85,942	54,527
Total Debentures less Sinking Fund				**989,959**	246,938	743,021
Market Contingency Fund (Note 3c)					54,472	
Total Sinking Fund and Market Contingency Fund					**301,410**	

The debentures listed on this schedule have been issued in Canadian dollars.

	2001 ($000)	2000 ($000)
10 Accounts and Taxes Receivable		
Taxes	48,412	47,469
Government of Canada	29,836	20,378
Agencies, Boards and Crown Corporations	7,547	7,353
Interest	1,999	1,910
Other	10,512	7,530
	98,306	84,640
Provision for Doubtful Accounts (Schedule 19)	(1,700)	(1,966)
	96,606	**82,674**
11 Treasury Advances		
Employee Computer Purchases	491	227
Cash Floats	17	14
Travel	-	3
Nova Scotia Health Advance	535	535
Salary	2	4
	1,045	**783**
12 Inventories		
Land, Tax Sales	82	283
Other	-	27
	82	**310**
13 Investments		
Summerside Regional Development Corporation	2	2
Charlottetown Area Development Corporation	2	2
	4	**4**

	2001 ($000)	2000 ($000)
14 Loans Receivable		
Debentures - Long Term		
P.E.I. Business Development Inc	11,561	13,326
P.E.I. Lending Agency	120,899	83,311
P.E.I. Housing Corporation	21,425	21,673
P.E.I. Liquor Control Commission	3,443	3,380
Charlottetown Area Pollution Control	102	159
Community Development	27	66
Stratford Pollution Control Commission	124	154
Charlottetown Area Development Corporation	7,781	7,618
Summerside Regional Development Corporation	110	130
City of Summerside	37	61
Town of Montague	-	12
P.E.I. Grain Elevators Corporation	15	31
Gateway Village Development Inc	647	683
Golf Links PEI	8,686	884
Tourism PEI	181	361
	175,038	131,849
Debentures - Short Term		
P.E.I. Business Development Inc	7,083	-
P.E.I. Lending Agency	12,125	12,527
Island Regulatory & Appeals Commission	-	125
	19,208	12,652
Total - Debentures	194,246	144,501
Provision for Doubtful Accts (Schedule 19)	(16,347)	(8,896)
Net Debentures	177,899	135,605
Other Loans		
School Board Computer Loans	323	-
	178,222	**135,605**
15 Deferred Charges		
Debenture Discount	5,398	5,963
Deferred Pension Charges	36,202	-
Prepaid Expenses	4,276	3,465
	45,876	**9,428**

16 Tangible Capital Assets
(unaudited)

	Buildings ($000)	Leasehold Improvements ($000)	Roads and Bridges ($000)	Motor Vehicles ($000)	Equipment ($000)	Other ($000)	Total ($000)
Balance, beginning of year	56,334	6,416	752,988	32,638	7,852	33,761	889,989
Additions	1,556	-	24,931	1,984	4,532	135	33,138
Disposals and adjustments	342	-	-	925	2,246	-	3,513
Balance, end of year	57,548	6,416	777,919	33,697	10,138	33,896	919,614
Accumulated Amortiz.,beginning of year	24,618	174	455,288	29,556	6,874	15,447	531,957
Add: Amortization 2000-2001	960	174	27,079	1,019	1,391	1,193	31,816
Less: Disposals and adjustments	5,487	-	-	4,526	1,979	-	11,992
Accumulated Amortization, end of year	20,091	348	482,367	26,049	6,286	16,640	551,781
Net Book Value	**37,457**	**6,068**	**295,552**	**7,648**	**3,852**	**17,256**	**367,833**

Tangible capital assets are valued at historical cost, or estimated cost where historical cost information is not available.
This schedule does not include balances for land. The Province is gathering historical cost information on land for inclusion in future Public Accounts.
Amortization is calculated using the straight line and declining balance methods (see note 2g).
Accumulated Amortization adjustments reflect a change in the method of calculation for buildings, motor vehicles and equipment from the straight line method to the declining balance method.
The totals for capital expenditures on the Statement of Capital Revenue and Expenditure do not relate to capital addition totals on this schedule due to the fact that the policy for inclusion of assets in this schedule differs from the policy for classifying capital expenditures in the Operating Fund (see Note 1b)

17 Trust Funds

BALANCE	Cash and Receivables	Investments	Liabilities	Balance of Fund
Cable Replacement Fund	14	3,295	-	3,309
Carnegie Endowment Fund	-	103	-	103
Civil Service Superannuation Fund	1,597	390,552	504	391,645
M.L.A.'s Pension Fund (Old Plan)	24	20,198	50	20,172
Pension Plan for M.L.A.s (New Plan)	60	1,354	3	1,411
Public Trustee (unaudited)	3,222	3,526	6,658	90
Supreme Court	380	822	1,157	45
Teachers' Superannuation Fund *	1,672	280,931	609	281,994
Utility Capital Replacement Fund	26	311	-	337
Totals	**6,995**	**701,092**	**8,981**	**699,106**

CONTINUITY	Balance 31-Mar-00	Revenues	Expenditures	Balance 31-Mar-01
Cable Replacement Fund	3,130	179	-	3,309
Carnegie Endowment Fund	103	5	5	103
Civil Service Superannuation Fund	373,991	36,401	18,747	391,645
M.L.A.'s Pension Fund (Old Plan)	20,716	936	1,480	20,172
Pension Plan for M.L.A.s (New Plan)	1,181	284	54	1,411
Public Trustee (unaudited)	54	96	60	90
Supreme Court	191	72	218	45
Teachers' Superannuation Fund *	245,891	56,700	20,597	281,994
Utility Capital Replacement Fund	316	21	-	337
Totals	**645,573**	**94,694**	**41,161**	**699,106**

* As at June 30, 2000

18 Guaranteed Debt

	Principal Guaranteed ($000)	Outstanding 31-Mar-01 ($000)	Outstanding 31-Mar-00 ($000)
1 Lines of Credit and Term Loans	15,530	10,163	3,452
2 Debenture/Share Issues	14,135	11,727	11,355
Total Guaranteed Debt	**29,665**	**21,890**	**14,807**

	Maturity Date	Interest Rate	Principal Guaranteed ($000)	Outstanding 31-Mar-01 ($000)	Outstanding 31-Mar-00 ($000)
1 Lines of Credit					
P.E.I. Grain Elevators Corp.	15-Jan-02	Prime	2,500	1,431	452
Island Waste Management	06-Jul-01	Prime - 1/4	500	-	-
PEI Energy Corporation	06-Mar-02	Prime - 1/2	9,360	5,732	-
S'Side Regional Dev Corp	28-Feb-02	Prime	3,000	3,000	3,000
Term Loans					
Crossroads Rural Fire Co	26-May-01	Prime - 1/4	170	-	-
			15,530	10,163	3,452
2 Debenture / Share Issues					
Prince County Hospital	04-Dec-08	5.375%	391	137	153
Ch'town Area Dev. Corp.	15-May-13	5.781%	11,800	10,835	11,194
Town of Souris	01-Feb-03	5.375%	20	2	3
Village of Tignish	01-Jan-03	5.125%	15	2	3
Village of Crapaud	01-Dec-03	5.375%	9	1	2
Island Waste Management	28-Feb-02		1,900	750	-
			14,135	11,727	11,355

Both principal and interest are guaranteed for loan guarantees and debenture share issues.
Guarantee balance at March 31 includes both principal and interest.
During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

Student Loans

The Province pays a risk premium, in lieu of providing loan guarantees, to banks who provide student loans. As an exception a loan guarantee is provided to lendors by the Province for loans which meet defined conditions. Due to the nature of the student loan program the total amount of outstanding loans, guaranteed by the Province per the defined conditions, is uncertain. For those loans undertaken by the Province per the loan guarantee, since implementation of the current student loan program in 1994, $361 thousand remains unpaid at March 31, 2001.

19 Continuity of Provision for Doubtful Accounts

	Provision 31-Mar-00 ($000)	Written Off During Year 2000-01 ($000)	Increase Provided 2000-01 ($000)	Provision 31-Mar-01 ($000)
Accounts Receivable:				
Provincial Taxes				
Sales Tax	1,729	1,008	750	1,471
Real Property Tax	237	108	100	229
	1,966	1,116	850	1,700
Loans Receivable:				
P.E.I. Business Dev. Inc.	3,494	-	6,450	9,944
P.E.I. Lending Agency	5,402	724	1,725	6,403
	8,896	724	8,175	16,347
Totals	**10,862**	**1,840**	**9,025**	**18,047**

20 Schedule of Debentures Issued and Matured

ISSUED

	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Price Received
Sinking Fund					
Canada Pension Plan	01-Apr-00	6.70%	01-Apr-20	1,083	100.00
	01-May-00	6.79%	01-May-20	1,241	100.00
	02-Jun-00	6.90%	02-Jun-20	1,422	100.00
	02-Jul-00	6.76%	02-Jul-20	900	100.00
	01-Aug-00	6.62%	01-Aug-20	698	100.00
	02-Sep-00	6.62%	02-Sep-20	706	100.00
	01-Oct-00	6.60%	01-Oct-20	619	100.00
	03-Nov-00	6.68%	03-Nov-20	730	100.00
	01-Dec-00	6.51%	01-Dec-20	341	100.00
	05-Jan-01	6.37%	05-Jan-21	171	100.00
	01-Feb-01	6.57%	01-Feb-21	-	
	02-Mar-01	6.41%	02-Mar-21	1,225	100.00
Total Debentures Issued				**9,136**	

MATURED/CALLED

	Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Amount Matured ($000)
Operating Fund					
Provincial Debenture	15-Dec-95	7.769%	Quarterly	25,000	**3,020**
Sinking Fund					
Canada Pension Plan	01-Apr-80	13.39%	01-Apr-00	1,083	1,083
	01-May-80	13.46%	01-May-00	1,241	1,241
	02-Jun-80	12.01%	02-Jun-00	1,422	1,422
	02-Jul-80	11.82%	02-Jul-00	900	900
	01-Aug-80	11.61%	01-Aug-00	698	698
	02-Sep-80	12.55%	02-Sep-00	706	706
	01-Oct-80	12.50%	01-Oct-00	619	619
	03-Nov-80	13.09%	03-Nov-00	730	730
	01-Dec-80	13.30%	01-Dec-00	341	341
	05-Jan-81	13.18%	05-Jan-01	171	171
	01-Feb-81	0.00%	01-Feb-01	-	-
	02-Mar-81	13.13%	02-Mar-01	1,225	1,225
					9,136
Provincial Debenture	16-Feb-76	10.750%	16-Feb-01	1,984	1,984
Total Debentures Which Matured					**11,120**

PROVINCE OF PRINCE EDWARD ISLAND

Operating Fund
Schedules to Statement of Revenue and Expenditure
for the year ended March 31, 2001

	Revenue	2001 Unaudited Estimate ($000)	2001 Unaudited Forecast ($000)	2001 Actual ($000)	2000 Actual ($000)
21	**Taxes**				
	Personal Income Tax	147,500	141,173	141,425	161,260
	Sales Tax	150,000	153,300	153,021	145,011
	Real Property Tax	43,500	44,700	45,237	43,128
	Gasoline Tax	34,165	33,600	32,942	33,444
	Corporate Income Tax	30,262	36,485	36,484	18,176
	Health Tax on Tobacco	14,770	13,700	14,297	14,233
	Health Tax on Liquor	9,977	10,327	10,408	9,998
	Insurance Premium Tax	5,200	5,200	5,944	5,451
	Corporation Capital Tax	1,650	1,650	1,464	1,714
	Environment Tax	200	200	266	255
	Fire Prevention Tax	250	250	249	255
		437,474	**440,585**	**441,737**	**432,925**
22	**Licenses and Permits**				
	Motor Vehicle Registry	10,472	11,078	11,112	11,067
	Registration and Licensing Act	575	575	675	636
	Securities Act	720	1,300	1,452	1,206
	Security Brokers and Salesmen Licenses	500	1,000	1,047	775
	Other	1,832	2,017	2,022	2,086
		14,099	**15,970**	**16,308**	**15,770**
23	**Fees and Services**				
	Patient Fees	8,408	9,440	9,553	8,902
	Housing Rental	4,413	4,403	4,407	4,397
	Special Project Fund	3,382	20,755	20,229	7,103
	Waste Reduction Program	2,626	2,626	-	2,393
	Land Title and Registry Fees	1,400	1,400	1,614	1,735
	Fines and Penalties	635	635	591	627
	R.C.M.P. Recoveries	710	710	703	710
	Campground Fees	525	667	637	-
	Third Party Insurance	1,500	1,500	1,558	876
	Probate Court Fees	1,022	1,022	1,034	1,001
	Other	6,180	6,792	6,573	5,471
		30,801	**49,950**	**46,899**	**33,215**
24	**Sales**				
	Lottery Revenue	13,500	14,000	14,174	12,501
	Liquor Control Commission	10,217	10,329	10,035	10,383
	Other	1,821	1,560	2,555	2,015
		25,538	**25,889**	**26,764**	**24,899**

	2001 Unaudited Estimate ($000)	2001 Unaudited Forecast ($000)	2001 Actual ($000)	2000 Actual ($000)
25 Investment				
PEI Business Development Inc	1,300	1,219	1,137	1,093
PEI Lending Agency	6,420	6,564	7,420	6,451
Housing Corporation	2,450	2,558	2,572	1,994
Other	2,426	1,522	1,448	2,638
	12,596	**11,863**	**12,577**	**12,176**
26 Government of Canada				
Equalization	244,852	269,672	270,328	256,069
Canada Health and Social Transfer	74,445	75,221	76,707	71,298
Economic Regional Dev. Agreement	4,895	5,208	4,320	6,874
Housing Programs	1,767	2,160	2,149	1,824
Young Offenders Services	2,173	2,177	2,183	1,886
Canada Employment	75	75	-	74
Minority & Second Language	1,469	2,090	2,090	1,456
French Service Agreement	1,322	1,694	1,801	1,484
Infrastructure Program	-	-	-	2,639
Statutory Subsidy	674	674	674	674
Rehabilitation Programs	500	740	743	512
Atlantic Freight Transition Program	450	362	106	527
Community Access Program (Technology PEI)	-	-	104	697
Community and Labour Market Development	4,000	3,477	4,206	2,988
Agriculture and Agri-Food Canada	-	13,600	13,398	-
Other	3,728	7,619	4,668	3,864
	340,350	**384,769**	**383,477**	**352,866**

Expenditure

27 Agriculture and Forestry				
Department of Agriculture and Forestry	22,945	51,806	51,513	24,993
P.E.I. Grain Elevators Corp.	165	317	316	678
	23,110	**52,123**	**51,829**	**25,671**
28 Development and Technology				
Department of Development and Technology	10,519	14,127	13,387	14,991
Technology Asset Management	1,258	508	495	-
P.E.I. Business Development Inc.	29,314	38,608	44,384	28,648
Employment Development Agency	3,722	6,054	5,496	4,832
P.E.I. Energy Corporation	312	299	299	188
	45,125	**59,596**	**64,061**	**48,659**

	2001 Unaudited Estimate ($000)	2001 Unaudited Forecast ($000)	2001 Actual ($000)	2000 Actual ($000)
29 Education				
Department of Education	184,633	190,609	191,126	178,178
Island Regulatory & Appeals Commission	1,065	1,065	1,065	1,041
	185,698	**191,674**	**192,191**	**179,219**
30 Health and Social Services				
Department of Health and Social Services	317,132	327,355	328,405	310,553
East Prince Health Facility	9,000	6,255	5,895	-
	326,132	**333,610**	**334,300**	**310,553**
31 Provincial Treasury				
Department of Provincial Treasury	17,027	17,022	16,891	.15,597
General Government	7,093	8,394	6,749	28,876
P.E.I. Lending Agency	794	786	786	732
Council of Maritime Premiers	184	184	184	176
Interministerial Women's Secretariat	344	340	317	323
	25,442	**26,726**	**24,927**	**45,704**
32 Public Service Commission				
Public Service Commission	5,383	5,329	5,320	4,067
Employee Benefits	10,402	13,352	15,895	10,473
	15,785	**18,681**	**21,215**	**14,540**
33 Tourism				
Department of Tourism	162	144	139	190
Tourism PEI	9,713	10,114	10,110	9,437
	9,875	**10,258**	**10,249**	**9,627**
34 Transportation and Public Works				
Department of Transportation & Public Works	66,299	73,216	70,239	65,597
PEI Crown Building Corporation	-	-	-	13
	66,299	**73,216**	**70,239**	**65,610**

35 Reclassification of 2000 - 2001 Budget Estimates

	2000 Estimates Book ($000)	Reclassifications ($000)		2001 Estimates Book ($000)
REVENUE				
Taxes	437,474			437,474
Licenses and Permits	14,099			14,099
Fees and Services	30,804	(3)	1	30,801
Sales	25,538			25,538
Investment	12,593	3	1	12,596
Government of Canada	340,350			340,350
Capital Revenue	451			451
Sinking Fund Earnings	21,550			21,550
Pension Plan Adjustment	7,000			7,000
Total Revenue	889,859			889,859
EXPENDITURE				
Agriculture and Forestry	23,015	95	2	23,110
Attorney General	27,530			27,530
Auditor General	1,204			1,204
Community and Cultural Affairs	12,021	97	3	12,118
Development and Technology	49,163	(4,038)	4	45,125
Education	184,423	1,275	2/3/5	185,698
Executive Council	2,359			2,359
Fisheries, Aquaculture and Environment	7,659	(43)	6	7,616
Health and Social Services	321,915	4,217	2/5	326,132
Legislative Assembly	3,106			3,106
Provincial Treasury	27,045	(1,603)	2/4/5/6	25,442
Public Service Commission	15,785			15,785
Tourism	9,875			9,875
Transportation and Public Works	66,299			66,299
Capital Expenditure	29,771			29,771
Interest Charges on Debt	108,470			108,470
Total Expenditure	889,640			889,640
Budgetary Surplus	219			219

1 - Change in revenue classification when budget transferred from Development and Technology to Prince Edward Island Business Development Inc.

2 - Funding for communications staff ($183.8 thousand) transferred from Provincial Treasury to:
- Agriculture and Forestry - $95.3 thousand
- Education - $39.4 thousand
- Health and Social Services - $49.1 thousand

3 - Funding for administrative costs ($97.1 thousand) transferred from Education to Community & Cultural Affairs

4 - Funding for Information Technology Management Group ($4 million) transferred from Development and Technology to Provincial Treasury

5 - Funding for salary negotiations ($5.5 million) transferred from Provincial Treasury to:
- Education - $ 1.3 million
- Health and Social Services - $ 4.2 million

6 - Funding for administrative costs ($43 thousand) transferred from Fisheries, Aquaculture and Environment to Provincial Treasury

This schedule outlines the changes in the Province's 2000-2001 Budget resulting from changes within Departments. The information is taken from the Province of PEI Estimates of Revenue and Expenditure for the years 2000 and 2001. The column under 2001 Estimates Book is the budget information provided in the Statement of Revenue and Expenditure.